Parvus Articles and Writings

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Letter from Parvus to Bernstein, 1986

EDITORIAL OFFICE of the Sächsische Arbeiter-Zeitung and the Volksfreund.

Office hours from 11 a.m. to 1 a.m.

Dresden-A., September 28, 1896

Annenstrasse 45, II. --> Eimmoaster 61-5

Dear Comrade!

You have probably received our first Gebättnaus issue. We had to throw out a lot of text to make room for the pretensions - because after all... The front door will probably have already closed.

The interest in the Eight-Stands-Gebetation is much greater than I expected. Our articles are all over the party - only from the "Vorworts." One learns, three weeks – and quite spontaneously – the questions are supplemented with rhetoric and promises are made, which are to be discussed at the party conference. If the question comes up for debate, it is too soon – it will probably be a special item on the agenda.

But who should be the speaker?

The main thing is that a little more proletarian influence comes into parliamentary representation. There is a push for a purely people's party – Palo-Bico. Meanwhile, parliamentary representation is growing,

and that is becoming increasingly dormant.

What do we want to do now in Gabha?

And so everywhere – especially in the municipal councils.

This is also becoming a matter of public interest. The representatives are poorly reported. The political organizations (constituencies) are declining. The "internal organizations" are becoming rigid, ossified, and giving in to formalism and pettiness. That's what I've learned here, too, and yet there's still a core of excellent people here—an "old guard." The "youth" thus seemed to be "gone or gone."

And there's a general, deeply felt need to bring pure labor issues to the forefront.

Couldn't you write us an article about the Trade Union's parliamentary tactics? The aim was to examine the tactics of the "little reformer," the long-winded, toothy approach, the gradual and thoughtful different" approach, especially with regard to their shadow riders.

Perhaps you'll notice that the only one exposure to this tactic is unknown. But I believe that the party has fed considerably on this tactic (itself "Müzerberg Gretzbuch"), and it is therefore at this moment appropriate to warn and not to encourage.

Perhaps one could even lead the matter directly into a discussion of German parliamentary tactics?

On this occasion. I have the feeling that your writing style is somewhat difficult for the average worker to understand. You don't use words about wages and political service that the worker doesn't have. We thought you'd make explanatory notes, but that doesn't work well for a newspaper. But if you keep our audience in mind, you might be able to make the presentation more comprehensive. The more often you provide us with this kind of information, the better for us. We just want to use advance notices that give us a guide for the treatment of the day. For the news service, the financial and chronological terms are sufficient, but to write the news, we lack the basic information. But if we regularly have general notices, we know where to find them. But precisely for this reason, we can't leave ourselves to chance.

Couldn't you definitely deliver two letters a month? Or what could you even suggest to us?

Awaiting your reply

With best regards to you and your wife,

A H

PS: The article on parliamentary tactics must be published before the party conference.

Parvus (Der Weltmarkt und die Agrarkrisis, 1895-1896)

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Parvus (Kritik der politischen Reaktion, 1897).

Wohin führt die politische Massregelung der Sozialdemokratie? Kritik der politischen Reaktion in Deutschland

Holdings: Wohin führt die politische Massregelung der Sozialdemokratie? Kritik der politischen Reaktion in Deutschland.

Parvus, (Marineforderungen, Kolonialpolitik und Arbeiterinteressen), 1898

Naval Demands, Colonial Policy and Workers' Interests

Holdings: Marineforderungen, Kolonialpolitik und Arbeiterinteressen.

Parvus (Das hungernde Russland, 1900)

Das hungernde Russland - Google Books

Holdings: Das hungernde Russland. Reiseeindrücke, Beobachtungen und Untersuchungen. Mit vielen Illustrationen und einer Karte des Hungergebietes.

Holdings: Das hungernde Russland. Reiseeindrücke, Beobachtungen und Untersuchungen. Mit vielen Illustrationen und einer Karte des Hungergebietes.

GPIB | Signage | Author | Parvus, Alexander Lazarevich

More parvus: Internet Archive: Digital Library of Free & Borrowable Texts, Movies, Music & Wayback Machine

Parvus (Die Handelskrisis und die Gewerkschaften, 1901)

Die Handelskrisis und die Gewerkschaften. Nebst Anhang: Gesetzentwurf über den achtstündigen Normalarbeitstag

The trade crisis and the trade unions. Annex: Draft law on the eight-hour normal working day.

Holdings: Die Handelskrisis und die Gewerkschaften. Nebst Anhang: Gesetzentwurf über den achtstündigen Normalarbeitstag.

Parvus (The Eastern Affair, Aus Der Weltpolitik, 1903-1905)

(Japanese Russian Conflict) Reprinted from Aus Der Weltpolitik

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5(1903):No.29-31,33-39,41,43-49,51;
6(1904):No.6,11-12,14-18,20/21,23,25-27,29-39,41-44,46-48; 7(1905):no.49-50

Parvus (V chem my raskhodimsya?, 1905) (Pamphlet)

Where We Disagree

Parvus (V chem my raskhodimsya?, 1905) (Pamphlet)

RSDLP
Workers of the world Unite

Are we breaking up?
Reply to Leon on his articles in Proletari
Publication Iskra
Geneva
Typography Party, Rue de la Coulouvreniere 27.
1905

*QCC p.v. 991

Where do we disagree?

"Whoever wants to scare the devil must shout loudly," says a German proverb. Judging by the anti-opportunist noise raised by "Proletariy", all the opportunist devils and imps who are approaching the Russian workers' movement should be in fear and trembling. However, things are different. While Lenin's watchful eye is watching out for opportunists in the ranks of those who have become the exponents of the ideas of scientific socialism and political revolutionism, real and obvious opportunists, various Prokopoviches, freely enter the working class environment and strengthen their influence there, taking advantage of the disagreements within the revolutionary social democracy.

Lenin and his comrades in "Proletary" are only acting eccentrically in their own way, but in essence, against the background of the Russian intelligentsia, they are repeating a political type long known in Western Europe. More than once, before my eyes, the insatiable radicalism of these adherents of exclusive revolutionism has consumed itself and left an unsightly residue of political confusion, leading to opportunism and even further. Such is the history of the so-called "independents" in Germany, Wildberger, Werner, Erast Müller and Pavel Ernsg, such is the history of Schippel and many others. All of them, despite the differences in literary and political physiognomy, had a common manner of approaching the resolution of political questions, which unites them also with Lenin. The article of the editors of "Proletary" against the tactics I propose in relation to the State Duma gives me an extremely grateful opportunity to expose this incorrect political method, which has already more than once brought confusion.

social democratic have to ask you So, comrade Lenin, welcome to the dissecting table. In my kindness, which has already given you so many pleasant moments, I cannot help but regret this. But what can you do? You yourself have long been asking to be put under my surgical knife.

The convocation of the State Duma raised a political question: to recognize or not to recognize it? In connection with this participation in the elections, or boycott? - Already itself on-

the question is put incorrectly. Political facts cannot be taken into account or acknowledged. They exist. We are faced with a new political fact. It is necessary now to fight against the government and against the State Duma.

but to the Duma. This is possible only if the revolution warns us: we will prevent the State from taking place.

to form the State Duma. Of course, we must make every effort to ensure that the next uprising is victorious, but together we must calculate our revolutionary tactics for a whole series of defeats. This means: during the uprising there is the greatest concentration of forces and the most intense struggle, but before the uprising and during it, preparation for a new uprising.

Can we be sure that we will overthrow the autocracy before the Duma meets? We cannot say that. We do not even know whether we will succeed in organizing a general mass uprising by that time.

But we must work in this direction. How to do this? "By preaching an uprising"? - This is a voice from the clouds, outside of life, in response to the burning faith of life. Of course, a revolutionary "preaching" is necessary, after all, it is applicable and should be applicable under all conditions and circumstances, but we are faced with a concrete political question: does the fact of convening the State Duma open up new paths and possibilities for revolutionary agitation and propaganda for us, and what kind? from the Adonja

Of course, it does: these are electoral candidates, electoral campaigning, electoral meetings and the elections themselves. We need to use all this to our advantage.

But we don't have the actual opportunity to put forward our own candidates? - No, then no, however, before decisively refusing, it wouldn't hurt to look around and search for a port in Vendokoltso Onnany

We are not allowed to attend the meetings, the voters themselves will be against our participation? Let it be so, it will only increase the revolutionary excitement of the masses. If we tell the workers "here is a meeting of exploiters, they do not want to know anything about it, it will have its influence. But if we lead some people to the meeting, and there the representatives of the bourgeoisie themselves begin to demand their expulsion, then this will have an even greater influence.

Troops will come, the voters themselves will call the police, our participation will be made impossible? - Well, again

revolutionary fact that agitates better than any revolutionary "sermon"

In fact, in many cases we will succeed in holding our meetings and taking part in the meetings of voters. If we take such "impossibility" into account, then everything that has been done by Russian workers up to now is impossible. Strikes were impossible when workers were imprisoned for striking. Demonstrations were impossible when demonstrators were dispersed by the Cossacks. A revolutionary uprising was impossible when the army fired upon the people. But all this was and is. And after that, it was impossible. how all this was done, to doubt the feasibility of our participation in the election campaign is a very characteristic indicator of the degree of confidence in the political energy of the revolutionary masses.

teach-But our participation in the elections is a boycott, Lenin tells me. To understand what a boycott is, I don't need to indulge in abstract definitions. I have seen boycotts in practice in various forms—economic, political, and parliamentary. But Lenin says that all this is different, and we have our own special boycott—an "active" one. In my opinion, if they disperse our so-

fights, this does not mean that we are disrupting them. In my opinion, they will boycott us, and not we will boycott. But Lenin said, I interpret all this in my own misunderstanding. And on the other hand, from the side of the "Mensheviks", when I proposed "organizing a revolution", they also told me that I did not understand enough the political terminology created by the polemics among Russian socialism. Personally, I have not yet felt the need to create new political terms for the socialist movement in Russia. In my eyes, the very fact that Russian socialism in the short time of its existence has created almost more political terms than world socialism has created throughout its entire history, having gone through revolutions and parliamentarisms and having carried out a spiritual revolution within itself, is already suspicious. How many political terms have been baked since the time of the Second Congress alone? Marsh, tailism, stony-hard, petty-thorny, etc. "In the beginning was the word" - such is the cosmogony of the new Russians

Marxists. They haven't done anything yet, and they've already made up a word, and they're fighting over a word! I admit that I don't understand much about the disputes of Russian Marxists in recent

mother. For this I need to learn to think like the Western European revolutionary socialism. term. Then Lenin only

It remained to say: Parvus proposes the same thing as we do, he only expresses himself differently. If he needed a democratic pearl, he could accuse me of plagiarism. He could even say that I had committed this plagiarism retrospectively, having come out in favor of electoral agitation. I had done this under the Prussian three-class system thirteen years ago, when Lenin,

as a political figure, did not yet exist. However, this is not enough for Lenin. He constructs contradictions in my article. He actually sees them. And he sees them because he sees double. And his vision is double because in his political thinking there is a metaphysical partition between “revolutionism” and “parliamentarism,” and both run parallel, mutually excluding each other. This will become clear to us in a further analysis of his article.

If we fail to overthrow the autocracy before the meeting of the Duma, then we will have to reckon with the activities and composition of this new institution.

It is difficult to say in advance what the composition of the Duma will be. It is possible that the Duma will be oppositional. After all, the Prussian Landtag in the 50s and 60s was liberal with an agrarian-plutocratic electoral system. But even if the Duma itself is not oppositional, there will still be opposition in it. This is again a new political fact. How should we treat it? 101

It is necessary to discredit the State Duma before the people. It itself will take care of this most of all, revealing its class character by its actions. But this does not free us from our agitation work; on the contrary, it expands it. Day after day we receive the richest material for criticizing the class egoism and political reactionism of the ruling classes. But this is far from all. We must take advantage of the liberal opposition in the Duma to fight against the Duma itself and against the government.

So should we really revive liberalism by rallying the masses around it? - Not at all! We will push it forward by criticizing it. But it is precisely this criticism that includes support for liberalism against the reactionary parties. We criticize liberalism because it, even the Zionist, is a representative of the interests of the Catalan movement, which it

the state to carry out the most capitalist revolutionary program and we have to do its work: to conquer that capitalist state structure which we are going to destroy. Not being satisfied with what liberalism does, we cannot help but admit that it does not, and would harm ourselves if we did not use it. We reproach liberalism for not supporting us sufficiently in the struggle against the absolute, how can we refuse to support it there, against the government, the conservatives and the liberals. It is true that the liberals are fighting against the government and the conservatives, they are fighting for the same cause as us, so should we really lay down our arms because the liberals have entered our battle line? On the contrary, we must use their troops and take them under the protection of our firepower.

Liberalism corrupts parliament - so much the better for the present. Liberalism weakens the government - so much the better for us. Finally, by supporting liberalism, insofar as it is revolutionary and democratic, we contribute to the elimination of extreme elements from its midst, i.e., to its disintegration.

Liberalism is a splinter that we drive into the body of the Boerkou parliamentarian, not a steel blade, but a piece of wood that, decomposing the living organism, itself rots. It is in our interest to have more of these splinters in the State Duma.

In the attitude of the socialist parties to liberalism there have always been different currents. The opportunists demand an alliance with the liberal parties in order to carry out democratic reforms and democratize government policy. The purely revolutionary declared: whatever the names of the bourgeois parties, they all constitute a single class force hostile to us, and we can have nothing in common with them. The possibility of both developed the tactics of German social democracy, which became the guiding principle for the all-round political parties. I now defend it against Russian social democracy.

Already Lassalle, who was the first to tear the working masses away from the no-less demanded of them that they support some liberalism and unite them into a class party, fighting in their struggle against the conservative parties of the republic. It first of all tries to organize the workers of the government. Social democracy has remained true to this tactic and is waging a fierce struggle against

cannot against liberalism. Nevertheless, it supports and leads its own candidates. It does this not because it expects reforms from the liberals, but because a parliament with a united reactionary majority is more harmful than a liberal parliament or one divided by a liberal opposition. This method has become known as the tactics of the least evil.

But if it is more advantageous for us to have liberals in the Duma than obvious reactionaries, then, obviously, we should take care of this now, during the elections, and put into action all the means of pressure that are at our disposal. Here is what I propose.

But I do not limit myself to this and, proposing to help the voters, I demand that obligations be imposed on them. The first obligation is that the liberals vote for us. This demand also justifies our pressure on the electoral supporters in favor of the liberals. I establish the following political thesis: the right to vote is given exclusively, voters must use it in the interests of the people.

"What!" exclaims Lenin. "Does the bourgeoisie expect the lower classes to defend the interests of the people? What a bourgeois he is!" However, allow me, if I were of this opinion then, after all, it would be precisely for me to have no reason to take part in the elections, but I demand the election of workers' candidates - and why? For no other reason than because I do not expect native representation from among the qualified voters. What is the essence of this? It is that in Lenin's political thinking there is no place for political struggle. We all know that there is no absolute political children

There is no morality of the people, but there is a class morality. But every class morality strives to become national. Just as capitalism covers up its predatory accumulation of capital with the idea of national wealth, so it covers up its political domination with the contradiction between the political dogmas of Asia and its political practice. And in this it counters with the idea of a democratic state. Hence the whole world of agitation for us. It is not enough to formulate class policy; it must be revealed in the political struggle, setting the bourgeois parties before tasks that are impossible for them to fulfill due to their class position.

This is not understood by the adherents of exclusive revolutionism. The ready-made formula of class interests, of class policy, extracted from life, instead of serving as a method of political struggle, serves as a means of removing the proletarians from political life. In so far as they are consistent, they oppose not only support for the liberals, but also participation in elections and in the bourgeois parliament, and even against the bourgeois revolution, which leads only to a modification of the same capitalist rule, and they seek some special, purely proletarian means of struggle, such as, for example, the general strike, as the anarchists understand it, i.e., as a means of paralyzing capitalist production. They do not see that the proletariat is forced to fight on a ready-made political basis, that the forms and means of political struggle are given by the historically formed state system and that the proletariat can only contribute its class content both to parliamentarism and to the revolution. In the end, everything comes to naught for them and only oral and written revolutionary preaching remains." They know only propaganda, but do not know agitation and are completely incapable of waging political struggle.

Let us turn to our concrete example. The liberals have just declared themselves in favor of universal, equal, etc., suffrage. Remaining true to this principle, they must already now take into account the opinion of the masses. What if we organize mass meetings and put the candidates to a vote? In some cases, we may even succeed at the most electoral meetings, if there are enough outsiders there, in putting the list of candidates to a vote of all those present before proceeding to the official ballot. We can force people to vote in factories, in workers' barracks, in dozens of separate meetings, we can vote in the open air at mass meetings.

we can collect thousands of votes before it gets to the official balloting at the electoral college. If the liberals with all this will not be considered, then will be revealed on the bottom of the political hypocrisy, the step we prevent them from blowing then already on the first program to confuse the people.

to bind the liberal candidates I propose, further, by limited political obligations. I do not develop the article of the political program, I only as an example, that I specifically indicate, I cite the two nearest thirds in view of their connection with our attitude to the State Duma. All of Lenin's polemics, directed against the conference of the minority, to go, as if I proposed to replace the conditions, were worked out. I did not say a word about this. for, my demands. Obg while

By the way! Lenin makes minorities [Mensheviks?] responsible for my sins and me for the sins of the minority. For Lenin needs the minority and the majority [Mensheviks and Bolsheviks] to stand opposite each other like wall against wall in the party. He needs this in the interests of polemics, which for him has long since taken the place of the general interests of the total revolutionary movement in Russia. I cannot prevent Lenin from reflecting my views according to the laws of his own psyche, just as I cannot prevent a mirror split in half from reflecting. But I draw the attention of my comrades to the fact that the mirror is split, and I ask that you judge me not by Lenin's and others', but by my articles. I have never been either a Menshevik or a

Bolshevik, I do not even always understand the difference between one and the other, and I allow myself to remain simply a social democrat.

As for my demands, their practicality has just been documented by the Zemsky Congress. These gentlemen of the Duma have adopted various radical and democratic decisions, they also agreed to fight in the Duma itself for universal, equal suffrage, but they have not said a word about how much more they will fight, but I demand from the liberals in the Duma a refusal to the government of all state funds until universal, etc., suffrage is introduced.

But here again Lenin pounces on me in disgrace. From whom should we demand the introduction of democratic suffrage? From the autocracy? Lenin confuses a political demand with a political hope or with the means of its fulfillment. The Japanese demanded the surrender of Manchuria from the tsarist government. Does this mean that they relied on the generosity of the tsar? They had no hope in their army and received Manchuria, having fought against it. We, if not in words, then with our whole being demand that the autocracy renounce. from their prerogatives, from the capitalists, so that they would renounce their ownership of the instruments of production. All the same misunderstanding of the laws of political agitation, which I have already characterized above! In fact, it is not the autocrats who are at all concerned, but the liberals, whom we force with our demand to move from words to

That it was possible to exert pressure on the Zemsky Congress by any means necessary, was shown by the Poles, who forced the Congress to make a decision to intervene. And we gave them free rein to pose as if they were on the side of the people and workers, and to fool the people with inflated programs. And what about the Moscow workers? Why did they come in crowds to the Congress and not demand clear decisions and binding resolutions on the workers' question, that they would not enter into any agreement with the autocrat or swear allegiance to the people, nor would the Germans? Where was the social democracy? Why didn’t she put forward political demands to the Zemsky Congress that would have made the hypocritical and dual game impossible?

I don't know whether it was an active or a passive boycott. In my opinion, it was simply political inaction, not boycott, but absenteeism.

We are ready for everything, with political If the zemstvos were to undertake to refuse the government all means until general, etc., suffrage were introduced, then by this they would formally cut off their path to a compromise with the government. That is precisely why they would subsequently break their promise and by this they would further arouse the masses against themselves. And if they were to refuse such an obligation now, then they would immediately discredit not only their attitude to suffrage, but their entire political program. Let them then make any decisions they want with the document in their hands, we will answer that they make decisions without thinking seriously about defending them, that this is only a distraction, that they are deceiving the people, to their detriment

liberals political demands that discredit them immediately or, by force of events, subsequently, we must at the same time use in our interests every step forward of liberalism, every political gain, no matter whether it was achieved by popular revolutionary struggle or whether it is a concession by the government with the aim of creating a conservative force from the bourgeoisie. Thus, the liberals, as a result of the convocation of the State Duma, received the opportunity for legal organization. The Zemstvos did not declare themselves a political party, but they actually constituted themselves as such, electing a permanent central electoral committee, appointing local committees and issuing a political election program for the entire country. In both democratic countries, representatives of

goy. I demanded that, taking advantage of this, we make a practical attempt to legalize, if not the Social Democratic Party, then at least workers' representation.

All together, the struggle against the liberals, and their support in the struggle against the government, and the use of their political successes, constitute the tactics that I, already at the first beginnings of the zemstvo campaign, in a letter to Lenin - it is now published in this same brochure - characterized as follows:

"Not to "assist" or "influence", but to take advantage of the struggle between our enemies in order to win back ground, to be constantly on guard, not to let a single weakness on one side or the other pass without taking advantage of it for our own ends, to demand from liberalism our share at every forward movement, to attack it from the rear at every retreat, to arouse the masses and fight against the government both against the bourgeoisie and against liberalism, to organize - organize - organize - gather revolutionary force so that at the moment when it will be necessary to decide on this, to deal with the tsarist government as well. "with government and liberalism."

Our technique may change, but our attitude to political parties will not, because it flows from our class struggle. The characterization of our attitude to liberalism that I gave above remains true under all political conditions, be it absolutism, parliamentarism, or revolution. According to Lenin, it is different. He admits that he has changed his attitude to liberals, and is preparing to change it again. He reproaches me for betraying the class interests of the proletariat, but what he himself did earlier he considers a “historical merit” - and, of course, what he will do later will also be a historical merit in his eyes.

Lenin Lenin says that I am three years late with my proposal to support the liberals. What was three years ago? Back? Ah, yes, that was the time when Lenin united all strata of society in Zarya! Later, in his pamphlet, he denounced flirting with the liberals as a new tactic of the "new Iskra". After I reminded him in my letter that this flirting had also happened in the old Iskra, he retroactively elevated it to

historical merit. the leaders of the nobility, I considered it childish. When Lenin in "Zarya" preached revolution still in his "kindness", about which the

fool still has a speech ahead, did not speak out against him publicly, but limited himself to penetrating remarks in a private conversation. Because, to the extent that we should use Poe's literaryism. glorify them, and we should

it is merciless to criticize them. "How does Lenin now explain his then attitude towards the liberals?

M

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"When the liberals had neither an organ nor an illegal organization, and we had both, we helped their political development. And history cannot erase this merit from the activity of social democracy. But now the liberals have gone from being infants of politics to its main agents, and have demonstrated in practice their betrayal of the revolution. Now to pay primary attention not to exposing the betrayal of the bourgeois "compromisers", but to reminding them of their "duties" to be in charge of the affairs of the entire people means turning into a lackey of the Osvobozhdentsi"

The reader should know that I do not at all expect the liberals to betray the interests of the people, but, on the contrary, I present them with political demands which must in fact reveal their class character, that it is not I but Lenin who shortens the work of exposing the political betrayal of liberalism by excluding from it the whole sphere of political agitation and struggle. I also state that Lenin, as follows from his opposition to “now”, which he still particularly emphasizes, in the past justifies both the softening of our anti-liberal criticism and the agreement with the liberals, while,

In my opinion, our criticism of liberals must always be the most extreme and merciless, and we must never enter into agreements with them that could weaken our agitation.

Having made these amendments, I declare that the tactics that follow from Lepin's opposition of past liberalism with the present are simply turning things on their head. In politics, only force counts. When liberals

ism was zero, and we all, we could freely ignore it. It was in our interests not to cultivate liberalism, but to draw the people's attention to the fact that we were not only the only party of the exploited classes, but also the only revolutionary and opposition force in the country. We could only be turned away from this tactic by making the struggle against autocracy, instead of the social-revolutionary organization of the pro-democracy, the unifying and guiding principle of our struggle. This is the path that Strive took. By following this path consistently,

showed us where it leads. That is why I, against such a formulation of the question, asserted that if the investigation, in my letter to Lenin, armed itself to kill parliamentarism, we, as a party not simply democratic, but also on the same path as Struve, Lenin got himself with his desire to unite all social elements in the struggle against autocracy. Now he has backed down - he does not know any other movement, But on the other hand, he can and does move in a straight line in the opposite direction and rush back again in a straight line.

We do not want to unite at all, but as soon as liberalism becomes a political force, we can no longer take it into account. The new political factor forces us to define our attitude both to it and to the change in the map of political forces that has occurred and is occurring due to its intervention. From here we get the tactics of criticizing liberalism and using it in the struggle against the government.

In fact, the very characterization of liberalism is incorrect. Did Lenin ever doubt that the Berals were ready to face the revolution? Such was their tactic from the beginning. They flirted with the revolutionaries and at the same time whispered to the government, proving to it that they were better able to cope with sedition than the gendarmerie department.

On the contrary, during the revolution the liberals became more democratic and more revolutionary. True, both their democracy and their revolutionism are very pitiful, especially if we take into account that the bourgeoisie in Russia is now experiencing its most revolutionary time, but to ignore this development means closing our eyes to reality. They previously did not dare to speak out for universal and equal suffrage, but now they have placed it at the head of their electoral program. They scatter democratic phrases. They address appeals to the people. They conduct election agitation. In the State Duma they will hold opposition speeches, and by this they will concentrate the attention of the whole country on themselves. They only fool the people. True - but all this must be revealed to the people in fact, creating thousands of clashes daily between political promises and political actions.

liberals. We must not forget that a whole series of revolutions have occurred in France, not just the June days, but

The workers were convinced of the class egoism and political hypocrisy of the bourgeois parties. Until now, they had separated from the liberals, merging into social democracy, and even for this, despite the fact that the German bourgeoisie had basely betrayed the people in the revolution of 1948, even in Russia, after Lassalle's agitation, the historical conditions for independent socialism had been needed for decades. In the Czech workers' parties things are developing much more favourably than in Germany, but, bearing in mind historical experience, it would be criminal to think that the liberals in Russia cannot, for a time, to a greater or lesser degree, take possession of the minds of a significant section of the workers. The "preaching of revolution" alone will not help us here, but we must counter the "parliamentary tactics" of the liberals with our "parliamentary" tactics." Yes, Lenin said, but this will only happen when we have a real parliament. I see no reason to postpone until later the political struggle that can be waged now.

However, let us consider how much the question of the rights of parliament will change our tactics. Let us assume that the government would grant a general election, the right to vote, but would leave the State Duma without parliamentary rights, as it does now. It would not be a real parliament, but hardly anyone would doubt that with general suffrage we should take part in elections. By taking part in elections, we try to gather the largest possible faction of our own, and thereby strengthen the opposition. So we apply "parliamentary tactics" in the absence of a real parliament.

Let us now take another case: the electoral law is the same as now, but the State Duma has been granted parliamentary rights. I think that in this matter even Lenin will understand that it is impossible to neglect the parliamentary opposition. In fact, the difference in the present situation would be only formally legal. The most that even a real parliament can do is to refuse the government a budget. But what if the government, although having given parliament rights, ignores this refusal and proceeds to act against parliament? It is not far to seek examples. Such is the history of the Prussian conflict of the 1950s; finally, something similar is happening before our eyes in Austria. What is the strength? In that

that the conflict between the government and parliament creates popular indignation, and popular indignation can break out into revolution.

The point, therefore, is not in parliamentary rights but in agitation with the help of parliament. But how can we agitate with the opposition in the Duma now? This opposition will be even more radical, the fewer rights it has. But whatever it may be, it depends on us to strengthen the revolution. N tional effect of it, criticizing liberalism. we can use the liberal red val

The disdain of the liberal opposition in the Duma, although outwardly ultra-revolutionary, is based in essence on an overly high assessment of the formal rights of parliament. That is why this partial revolutionism, when parliamentary rights exist, can very easily turn into parliamentary opportunism.

The adherents of exclusive revolutionism think metaphysically, in absolute contradictions. Yes, yes, no, anything more than that comes from the evil one. That is why for Lenin too, "parliamentary tactics" and "revolutionary tactics" are mutually exclusive. He does not understand how parliamentary tactics can be used to revolutionize the working masses. Why do the workers in the West, as in our historical background, stubbornly followed the bait of the liberals until the latter began to shoot the workers themselves, and even later? Because of their class stupidity? Because of the opportunism of their spontaneity? This would be an explanation completely in the spirit of Lenin's "What is to be done?" but it would also show a complete lack of understanding of the socialist revolutionary understanding of history. Once political thought has awakened in the workers, they cannot help but take part in the political life of the country. And precisely because of their revolutionary spirit, they take an active part in all forms and manifestations of the political struggle. That is why every party that fights, in one form or another, by one means or another, with more or less energy, against political reaction, finds, in

spite of class differences and all the political disappointments of the proletariat, support and a political resonance among the working masses, which often surpasses both the hopes and intentions of those who put forward the political slogan. And that is why, no matter how sluggishly the Russian Berals conduct their opposition in the State Duma and their political struggle, they will attract the attention of the workers and will enjoy their support, no matter how

We have not said to the workers: "Don't believe them, they are your arrogant enemies and traitors to the revolution." We can unite the workers into a revolutionary social democratic party only if we ourselves take part in the Duma campaign, if we, criticizing the liberals, push them forward and if we show the insolvency of the Duma opposition and the necessity of a revolutionary upheaval not only in words, not only through revolutionary preaching, but through political facts.

But Lenin is afraid of missing the moment. He is afraid that the liberals might actually succeed in winning over the workers to their side. He accuses the liberals of betraying the revolution, but in essence he is afraid of the revolutionary betrayal of the workers. Therefore he is in a hurry to hasten the denouement by "preaching the revolution, its organizations," etc. It seems to him that if the workers' attention is turned to other forms of political struggle besides the revolutionary uprising, their revolutionary energy will be lost. But these other forms of struggle are forced upon them by life itself. Therefore - quickly, quickly, save the revolution! At the basis of his revolutionary fervor lies revolutionary uncertainty.

In this connection he determines our attitude to other parties not by our class policy and their political role, but by their formal statements on the question of the revolutionary uprising. Just as he used to flirt with the liberals when they resorted to the help of our "illegal organizations", so now he proposes a formal "agreement", i.e. a political compromise, with the "revolutionary democrats" to save the revolution. Again, only a Russian whistle in the manner familiar to the radicals, so as to avoid the West European movement. Thus in France the opportunists entered into a compromise. Lenin had earlier taken the path of Struve, “to save the republic.” Lenin now took the path of Jaurèsism.

Lenin demands "an agreement with the revolutionary democrats on the basis of joint agitation for the uprising, its preparation and implementation." Can we "jointly agitate" for the revolution with the democrats? In agitating for the revolution, we must prepare the proletariat so that, having won, it will be able to take advantage of its victory - therefore we must draw its attention to the fact that the democrats, having come to power, will be a tool in the hands of the ruling classes. We cannot help but do this, even if we are simply truthful. Otherwise we would have to falsify the history that proves

betrayal of the democrats by bloody facts. We conduct our agitation, no matter what it concerns, a revolutionary uprising or elections to the Duma, on the basis of class struggle. And the democrats want to unite us - how can we "agitate together"? Still less can we enter into a political alliance with them. We need first of all to isolate the workers, to merge them into an independent political force hostile to all others. And Lenin, with his "agreement", erases the line

between us and that petty-bourgeois democracy which will constitute the transition to capitalist parties, and covers this up with the "preaching of revolutions". For him, the interests of the revolution are at odds with the interests of the class struggle. Thus, an incorrect point of view turns everything upside down and shifts the prospects.

By weakening the class opposition by political compromise with the democrats, Lenin facilitates access to the workers, and along with the democrats, also to the liberals. And he fights against the liberals not so much because they are a capitalist party, but because they are not revolutionary enough. But what if the liberals declare themselves adherents of the revolution? After all, they have done this in other countries, and the possibility is not excluded in Russia either. Then all the apparent intransigence of Lenin falls, and he must, while remaining consistent, unite with the liberals, just as he is now entering into an agreement with the “repetitive democrats.” But whether the liberals are preparing a revolutionary uprising or not, they do not cease to be a pure-blooded capitalist party.

We must agitate not together with, but against the democrats, as well as against the liberals, and we must not unite with anyone. But this does not exclude the fact that we support both the one and the other, insofar as they, intentionally or against their will, consciously or unconsciously, to one degree or another, are a revolutionary factor. Being fundamentally hostile to all bourgeois parties and parties that seek to dull the class struggle, we cannot but take into account the political manifestations of their activity and support every revolutionary or democratic undertaking, wherever it may come from. Our general attitude towards a political party does not yet predetermine our attitude towards the political phantom created in one case or another by this party. The political fact itself may be either hostile or favorable to us, and our decision to it must be adjusted accordingly.

The whole power of the organizations of the social-revolutionary army of the proletariat lies in introducing the workers as an active element into all forms and manifestations of the political life of the country and in being able to embrace all their varied and ever-expanding political activity with the idea of the dictatorship of the proletariat with the aim of a socialist revolution. This connection is inaccessible to the political thinking of pure revolutionaries. They know only revolutionary uprising and nothing else. But the "preaching of revolutions" alone has never yet succeeded in keeping the masses of workers in touch. Such is the fate of anarchism and all anti-parliamentary trends. Having suffered a fiasco, these ideologists of the revolutionary absolute, by the straightforwardness of their logic, fall into the other extreme of the parliamentary absolute, or economic struggle. One of them constantly excludes the other. "Lenin now rejects parliamentary tactics in order to save the revolution, but on the basis of parliamentarism he is in a position to reject the revolution.

An irreconcilable revolutionary, a revolutionary first and foremost, morning and evening, with the incessant preaching of revolution on his lips, Lenin writes this: When in fact, and not in the language of writers, a basis for the existence of political parties (including the R.S.D.R.P.) is created, then we will be obliged to reconsider the whole question of insurrection anew, for for us

insurrection is only one of the important, but not always obligatory means of winning a free field for the struggle for socialism."

For us, an uprising, that is, a revolution, is not only "one of the important means" for winning "freedoms of the field for struggle," but the only means of gaining political power for the purpose of social resolutions. In Western Europe, "freedoms of the field for struggle for socialism" have long been won, so what? Should we revise the question of revolution? This is precisely what Bernstein, Heine, Shipel, etc. demand. Lenin has now turned revolutionary and will stand on his head and stand on his feet and will turn out to be a stereotyped opportunist.

In fact, German social democracy is currently revising not the idea of revolution, but the idea of parliamentary struggle, just as at the party congress in Mena, with its decision on a political mass strike, it brought to the political forefront the idea of a popular uprising, which, of course, will have a different character in Western Europe, but not because there the parliamentary intervention is more definite and simple, but because class relations, due to the enormous quantitative superiority of the proletariat, its higher political consciousness, thanks to its strong political and economic organizations, its discipline developed through long years of class struggle, and thanks to the incomparably higher general cultural level of the country.

The Russian proletariat will least of all be faced with the task of revising its revolutionary tactics once it has achieved real parliamentarism. On the contrary, it will, according to the historical conditions of its struggle, bring the parliamentary struggle and the revolutionary uprising into a more direct and living connection and thereby introduce new social-revolutionary energy into the class struggle of the world proletariat.

Where do we differ with Lenin? We differ in that for him revolution is a matter of a moment that can be missed, while for me it is an inevitable historical process.

He thinks that a revolutionary uprising creates a revolution, but I think that a revolution makes an uprising victorious. He seeks outside allies for a revolutionary uprising because he does not trust the revolutionary energy of the proletariat, but I introduce the workers into the political struggle and place them in political relations with other parties in order to channel their revolutionary energy.

Lenin divides tactics into two stages: revolution and parliamentary, but for me revolutionary tactics flow from the class struggle of the proletariat at all times and under all conditions, are not excluded by parliamentarism, do not exclude it, but must transform parliamentarism itself into itself.

Lenin examines tactics from the point of view of the overthrow of autocracy and the immediate victory of the revolutionaries. I consider it from the point of view of organizing a socialist revolutionary army of the proletariat, which would make the revolution permanent.

Not only the State Duma, as it is now convened, but even the most perfect capitalist parliament will for many years to come be unable to cope with the confusion of social and national relations and the resulting political struggle that has been created by the social development of Russia and the protracted oppression of absolutism. There will be unrest, rebellions, there will be a hot and stratified parliamentary struggle, and the proletariat will play a role in everything

in this case, the more prominent role and the more use political development in their interests than before, conscious, versatile and decisive - to take part in all forms and manifestations of the political life of the country, subordinating everything to their ultimate goal - to win political power.

Now let us talk about my "kindness", so assiduously put forward by Lenin. This is also a point of divergence. I, indeed, from the very beginning treated the Russian comrades who later known as "Iskrists" with great favor. I saw their mistakes. But knowing well that our revolutionary principles are the invariable result of the revolutionary movement, that is, the historical process, I firmly believed that life itself would correct political errors and create correct tactics.

Even when Lenin brought me the first two issues of Iskra and the announcement of its release, I told him something like the following:

“You are fighting against opportunism, but you seem to fear it. If you read you, you get the impression that economism has loomed over the Prussian labor movement like a black cloud and is ready to crush it unless a few Marxists oppose it. This, of course, is nonsense. And in Western Europe the whole force of our struggle against opportunism lies in the fact that it cannot lead the labor movement. Even if it did not meet with theoretical criticism

he himself would have discredited himself in practice before the workers. But he would have created confusion and practical deviations for some time and would have weakened the energy of the political struggle of the workers. That is why we oppose him with all determination. And in Russia, where state power stands before the workers in its crudest and most naked form, there is least of all the fear that the workers will remain outside the political struggle. However, I understand your mentality. You have just arrived from Russia, where you had to fight face to face with the economists, and the conflict of opinions obscures the process of political development before your eyes. This is even to a certain extent good. It seems to you that everything depends on your ideological struggle, and this gives it energy. But the fact that you lose sight of the social-revolutionary process itself can lead to a complete collapse.

The main thing is to create a social democratic newspaper that would actually wage a political struggle. You are on the way to that. And if you manage to keep Iskra going for two years, then you will have the movement behind you for the simple reason that you will be its best spokesman. And that is how it turned out. Iskra found itself at the head of the social democracy in that it waged political struggle less and less as a result of its party polemics, which, however, inevitably flowed from its political struggle. Before the Second Congress, when Iskra's political

influence had reached its highest point, I pointed this out to Lenin. I wrote to him to the effect that Iskra had won, of course, mainly because it had political development on its side, and that this must now have reassured him of how groundless were his fears that opportunism might take hold of the spontaneous class struggle of the proletariat in Russia. I confess that such an assumption about Lenin was rather naive on my part. Immediately after this, Lenin, by his tactics at a congress, showed that in his eyes it was not Iskra that was the spokesman for the development of the party, conditioned by the general political development of the country, but that all party development was created by Iskra's propaganda and polemics.

My naivety is explained by the fact that I regarded Lenin as a political figure. For a politician, the political result is of primary importance, and not the implementation of some special idea or the gaining of the upper hand among this or that. It turned out, however, that Lenin was blindly trying to carry out his political scheme and was ready to cut down the party and even political life itself, if it did not fit under his political cap. The history of the party since the Second Congress in reverse order should have shown Lenin the predominance of political development over political ideas. With all his articles and pamphlets, from which he expected miraculous results, he did not achieve the unification of the parties according to the established scheme, but, on the contrary, fragmented and split it. Political development, having weakened his popular polemics and propaganda, led his political breakdown to absurdity. But he does not see this and does not want to do so. He squats and tries to fit political life under his paper cap, puffing and getting angry because it keeps spilling out and whole masses are drooling, declaring a traitor anyone who finds himself scattering in all directions, fussing with all his might and frolicking with political development and revolutionary struggle - outside the

Ninsky's cap, the whole political life will become a traitor in relation to Lenin if he does not learn to take it into account.

Life, beyond any doubt, has made significant amendments to the tactics of Russian social democracy. I was glad when "Liberation" appeared. We needed nothing better than for the liberals to engage in their own political self-determination and conduct their own independent political struggle. This was supposed to force social democracy to resolutely oppose them. And so it happened. Since then, the attitude of Russian social democracy to liberalism has been basically determined. There were hesitations at the beginnings of the zemstvo campaign. Life has corrected them. Now, as we see, we are already facing the opposite extreme - ignoring the political role of liberalism. And here, of course, life itself will have the last word. Tactics determine the political struggle, and the political struggle in its development determines tactics. This is an inevitable historical interaction. There is no case in which tactics emerge ready - like Minerva in full armor from the head of Jupiter - from the spiritual workshop of the partners and are not subject to changes in life.

I was greatly disappointed by the political programme drawn up by Iskra. Apart from the desire to avoid opportunist criticism in the theoretical section by means of stylistic amendments, which damaged the clarity and distinctness of the historical formulation, I could in no way be satisfied with the economic demands of its agrarian section*. Life has already cast aside the paragraph

on the sections, that miserable compromise between the awareness that it is impossible to save the peasantry by preserving capitalist relations, and the desire to “give at least something” in order to win the peasant for the revolution. Now it is clear to everyone that our agrarian programme must be placed on a completely different economic basis.

[* Ryazanov gave a very correct critique of the program in his “Materials”. This book, for many reasons, partly because of its clumsy literary techniques, could not win the attention it deserved.]

However, developments in the inner life of the parties proceeded differently. It turned out that the fear of opportunism was rooted much deeper than I had initially assumed. Lenin showed with his "What is to be done" that he himself looked at the workers' movement, insofar as it was represented by opportunism in itself, opportunistically.

"the inside out", as I characterized it in "Iskra". The very same spontaneous process that gives us all our confidence in the fight against opportunism, fills him with uncertainty and fears. Not seeing the social-revolutionary development, he sees only opportunist fears. Under the influence of these views, the "domestic policy" of "Iskra" was created to a significant degree.

Instead of broadening agitation by introducing a political factor into it, politics was opposed to economic struggle. Political struggle brought forward new forms of manifestation of the revolutionary energy of workers - demonstrations. But instead of linking the old with the new, continuing agitation on an economic basis, using the organizations created by it for political struggle, thus introducing an organizational element into mass political manifestations, demonstrations were opposed to everything else as the only and pure form of political struggle. The old organizations were erased and the living connection between the party and the masses, which they constituted, was broken, just as the nerves connect the brain with the whole body. The situation was as follows: on the one hand, the party with its political program, on the other hand, the masses, with their spontaneous manifestations, which the party tries to utilize, giving them a political character.

The significance of workers' demonstrations at first was mainly agitational. I was amazed when Iskra began to print workers' statements to the effect that now we have no time for agitation, we don't need booklets, give us a knife in our hands. I said: on the contrary, we must warn the workers against the illusion that they are already making a revolution with their demons; we must prove to them that a revolution still requires incomparably greater efforts and a greater upsurge of the masses and requires organization; that it is still too early to expect immediate political results from demonstrations, and that a demonstration is fully utilized when its result is the expansion of agitation and organization, and this is what we must, for the time being, pay our main attention to. In fact, instead of using the demonstration for organizational purposes, they turned all their attention to quickly calling forth new demonstrations, as a result of which they began to diminish in size so much that Iskra itself had to come out against this

the fever of demonstrations. The issues of agitation and organization among the masses were increasingly pushed aside. I remember once speaking on occasion

The editorial board of Iskra discussed the enormous agitational significance of teaching workers to expose themselves. This affects the living, clear interests of the workers, and the press reports on various factory disorders and oppressions that occur at individual factories, being exposed

lazily publicly becomes a means of class agitation. In response to this, May showed a whole bunch of letters from factories and plants that were not placed in Iskra. Of course, the Central Organ has little appetite for such things.

But when I touched on the significance of the local press another time, after I had been given several issues of the Southern Worker, which I read with pleasure, I came across, to my great surprise, the view that the local press should, if possible, be reduced to nothing in the interests of uniting the movement and its leadership by the Central Organ. My personal experience and the history of the German social democratic state have shown me that the local workers' press is not only the main educational and agitational force, but that it is on it, more than on the formal organization, that the bonds of the party are held.

The isolation of the political struggle from class agitation and organization led to its own narrowing simplification. Finally, everything came down to making the workers shout: "Down with autocracy!" The straightforward conclusion from this simplified policy was today's Leninist exclusive revolutionism, which puts class agitation and politics in place of the various forms of classical struggle put forward by revolutionary development, "preaching the revolutionary uprising, its conditions, organization,

I have already shown in Iskra how Lenin's struggle not against the opportunists who were literary and politically distorting the character of the proletariat's struggle for its liberation, but against the supposed opportunism of the workers' movement itself, led him, on the basis of the intelligentsia's revolutionary circles, to his organizational scheme, which had the purpose of subordinating the working masses to a handful of ideologists of revolution and socialism. When at the party congress the "majority" and "minority" pursued against each other the same tactics of exclusivity, narrow opposition and mutual embarrassment that had previously split in relation to each other,

laziness to the workers' organizations. May was the first to inform Starover about the schism. I wrote that these were Bashi-Buzuk methods.

I will note in passing that in its relations with the Bund, Iskra expressed the same narrow intolerance. When, as far as I remember, the first article against the Bund appeared in the fourth new issue of Iskra, I said to the editors: “They write like that only if they have the desire and the opportunity to remove the organization and put others in their place. If you do not have this

desire and this opportunity, then with such polemics you will only strengthen the nationalist tendencies in the Bund."

An alarming time had come. The Russo-Japanese conflict had become more acute. It was clear that war was being prepared. The war was to lead to revolution. A great historical moment was approaching. Social Democracy was faced with the task of quickly gathering all its forces, casting aside everything that was opposed to joint activity, and trying to move the organized masses of workers into political struggle. In fact, the party was wasting its strength in internecine struggle. Then for the first time I spoke publicly on the question of disagreements in Russian Social Democracy.

I published an article in the German Social Democratic press in December 1903, in which I gave an analysis of the political events that were being prepared, and I ended it with the following words:
"We know that it is not in our power to create or maintain the proletariat in readiness, to be. Our whole task is to enable it to drive political development forward when events strike. For social democracy in Russia there follows from this one demand that dominates all others - organization. But organization is not a noose that is thrown over the masses in order to hold them together, no, it is a ferment that is introduced into the masses in order to grow in them a living, organic tissue. Whoever believes that the whole point is to gather all the threads in one hand and command the workers from one point, be it Petersburg or Geneva, indulges in nonsense. the idea that social democracy can tyrannize the masses, just as even Russian absolutism cannot tyrannize them. Russian workers must first of all learn to unite together, to act as a single political force with a conscious will. Whoever strives only to organize agitators and ignores the organization of the masses, thinks that he will be able to use the workers as material for the revolution, just as they serve as cannon fodder in the army. If this is done for reasons of conspiracy, then because of the fight against spies they lose sight of the fight against the autocracy, and We are fighting a greater struggle for the emancipation of the working class. Because at the present time in the midst of Russian social-I am saying this before the forum of German social democracy, democracy disputes are being played out in the sense outlined above, and we (socialists in Western Europe), already in view of the political revolution being prepared in Russia, cannot be indifferent to how this dispute will end. Our hope and support is always and in all cases the social-revolutionary character of the working class. This is, of course, a banal truth, but we should not forget it."

In these lines Lenin first discovered my "kindness." Subsequently he had to become acquainted with it more than once, but this can be omitted, since what has already been said is enough to determine the last point of my disagreement with him: the different attitude toward the party organization and toward the practice within the party. For Lenin, organization is the main scheme. He invented in order to reconcile the contradictions between his opportunist view of the workers' movement and his socialist and revolutionary desires. This is the only way out for him. For Lenin, the organizational scheme he invented is something like a Jericho trumpet, through which he, puffing out his cheeks, prepares to destroy both the towers of autocracy and the walls of capitalism by preaching revolutions. Outside of this he is at a loss, and that is why, outside of

this, everything falls apart for him. *For this reason he sees his main task not in bringing the proletariat into the political struggle by all means, but in preventing the political struggle of the proletariat from becoming opportunistic.* Since with the collapse of his organizational scheme his own revolutionaryism collapses, it seems to him that the historical process of revolutionary development collapses with it. That is why he tries to suppress and strangle everything that does not fit his party mold and to declare as traitors to the revolution all who do not share his political ideas. And that is why he has been conducting destructive work in the party for two years now, seeking a revolutionary dictatorship, having shown himself to be completely incapable of uniting revolutionary forces and leading them, and preaching the organization of the revolution, while himself fanning the flames between disorganization in the party, disorganizes it more than anything else. For me, organization is a form into which the social revolutionary process flows and which is created by it itself. Its base is important - the working masses. This is first and foremost. Organization of the working masses, above the working masses, there is anything but social democracy. Once this basis is given, the organizational status, although not indifferent, is of subordinate importance. An unsatisfactory organizational form will not retard the growth of the party, but on the contrary, the development of the party will change the organizational form. This can be shown by dozens of examples from the labor movement. German social democracy changed its organizational form several times. It has just introduced very serious changes into its organizational statute at the party congress in Jena. It follows that social democracy in Germany has developed and become powerful despite an unsatisfactory organizational form. I am also not afraid of tactical deviations, since the basis of the tactics of social democracy has been given - the class struggle of the proletariat. There is no worse tactic than that which disorganizes and demoralizes a fighting army through internal discord.

It may seem a paradox, and Lenin will again accuse me of treason because of this and perhaps declare me a peaceful cultural promoter, but I assert that there is no organizational form that alone could encompass the entire class struggle of the proletariat. We see, first of all, two great varieties

trade unions on the basis of economic struggle, and party organization on the basis of the struggle for state power. Both are class struggle. The attention of all who regard trade unions with revolutionary suspicion should be drawn to the fact that the classical analysis of the class struggle of the proletariat in the Communist Manifesto rests on nothing other than the economic struggle of the English trade unions. The class struggle is sometimes more revolutionary on an economic basis, sometimes on a political one; after temporary divergences, due to the different amplitude and speed of the waves, both streams always inevitably merge again into one social-revolutionary stream. The intensity of the class struggle of the proletariat is generally not always the same and depends on the general pace of capitalist development and its laws: on the level of production, the development of industry, agrarian relations, the situation on the world market from the quantitative relationship of classes, from the form of government, from the policies of governments, from international conflicts between states, from cultural development, etc., etc.

In addition to these main forms, the proletariat also creates its own economic organizations in the form of consumer societies. It usually unites in connection trade unions, in hospital and other mutual aid funds. Finally, it penetrates into the state system itself, occupying elective seats. It makes its way into municipalities, into courts, creates its own courts by legislative procedures or by agreement with entrepreneurs. Everywhere it introduces its class interest and its class policy. And socialism ideologically connects all these diverse forms of manifestation of the class energy of the proletariat and directs them towards a common cause - the social revolution.

The class struggle of the proletariat is many-sided and vast, because its historical task is many-sided and vast. It must not only overthrow the rule of the capitalist class, it must be able to take its place itself in order to open the way for the development of the socialist system. And socialism will not simply abolish wage labor in the factory, it will abolish the entire structure of production, all social, family and general human relations and give way to unprecedented cultural forces.

And before this grandiose historical process there stands a small man with an anxious face and a revolutionary swing of his arms, fussing and worrying so that both socialism and revolution do not disappear!

I will finish. I did not feel the slightest need to argue with Lenin. He is not at all original in his mistakes. And I had neither the desire nor the time to repeat the old ways of labor policy with him. But he stubbornly sought polemics and finally bombarded me with personal attacks that were as absurd as they were provocative. I had to answer. I took advantage of this opportunity to make an attempt to explain the tactics of social democracy in general, which I had previously thought of doing in another context. If Lenin ended up in the position of Gogol's unger-officer's wife, let him blame on himself. Tu l'as voulu, Georges Dandin! I will say this to the Russian comrades and the entire Russian socialist intelligentsia: You cannot free the proletariat from economic slavery. It will do it itself.

But you can free him from mental slavery, which is also a product of class oppression, and its most terrible product. A shackled will is worse than shackled hands, a helpless mind is worse than a hungry stomach. The revolutionary energy of the Russian workers is great, but their political understanding is still small. The point is not to add energy to them, but to add consciousness. To a mind oppressed by slavery, many things seem inaccessible and many things are incomprehensible, which others take freely and which they use as their natural right. See how, against the background of the revolution, borne by the workers on their shoulders, all strata of society have begun to speak and how little the worker has yet said of himself. Make him speak. Make him write. Awaken his thought. Awaken his initiative in the economic and political struggle and in all forms of social life. Reveal to him all the smallest manifestations of political life, for he does not see much due to lack of knowledge. It is better to make a tactical mistake by expanding the political activity of the workers than to restrict their political activity for fear of making a tactical mistake. Only do not hide anything from them. This is demagogy, for you are then building your plan not on political understanding, but on the political ignorance of

the people. Teach the workers to create organizations themselves and manage them. Make it so that they can manage without you.

As you achieve this, you will create a conscious political force from among the workers. This political force, by its class position, will be social-revolutionary. It will therefore stand in the way of the betrayal of the revolution by the bourgeoisie and will not allow the revolution to die out. It will open up new chances and a new basis for organizing revolutionary uprisings. But as this social-revolutionary army grows, it will set the revolution ever new and greater historical tasks.

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IF Germany Wins the War: Holdings: Almanya galip gelirse
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21+24 pages = 45pg
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1330 (Rumi Calendar) - 1914
In Turkish (Arabic Script)

IISG Bro 4278/3
IISG Bro 4278/6

Parvus (Die Glocke 1.1 Article, 1915)

Die Glocke
Issue No 1 - 1 September 1915

By Parvus

Introduction

Socialism is based on the working class. The interests of the working class, however, encompass the entire world. The proletariat wants and should become the bearer of civilization. Therefore, in its idealistic striving, it has long since stepped beyond the confines of the wage relationship and has turned its interest to the most diverse problems of economics, politics, and culture. Our journal knows of no issue of public life that could remain outside the scope of its socialist perspective. We cannot devote equal space to all problems because their social significance varies, but we will have to deal with most of what comes to the forefront of public attention: with the eight-hour day and rising food prices as well as with Turkish finances, Russian peasant conditions, the question of the economic unification of Europe, the American financial market, the nationalization of the German coal mines, the national development of the Serbs or the Czechs, the situation of the Russian Jews, ocean trade, China, and Japan, with India and Persia, with the policies of the big banks and with the efforts of anti-alcoholics, with literary movements, art movements, and with accident prevention, industrial hygiene, etc. etc. We have no particular subject, since we live in a time that is transforming everything. First and foremost, we will, of course, devote our attention to the economic and cultural upheaval brought about by the World War. Guided by the socialist perspective, this journal aims to be independent in its judgment. Socialist knowledge has become broad and shallow; it has lost its depth and revolutionary momentum. People have learned to adapt to ignorance and lack of understanding in order to become popular more quickly. A unique socialist tradition has developed, which, like every tradition, had a conservative effect. We want to keep ourselves free from all of this; we also do not want to allow our judgment to be influenced by friendly and comradely considerations, or even by pity for the weak and oppressed. We do not want to flatter the poor. We will speak the whole, naked truth openly and freely regardless of who this benefits or harms. For knowledge is the highest thing the individual can contribute to the progress of humanity. We want to be read, but we do not seek the favor of the public. We prefer honest and brave opponents to faint-hearted friends. We do not fear the clash of opinions; rather, we seek it out: for only in the battle of minds do views become clear. But under all circumstances, we are for unity in the action of the proletariat. Whoever still seeks to disturb the many experiences of the proletarian class struggle can no longer do so out of / immaculate ignorance, but is committing a crime against the working class. Anyone who really has something to say is welcome as a collaborator. We don't look at names, we don't recognize authorities. Anyone who has facts or ideas to present that can serve to clarify the situation in general or in individual countries, in individual areas, should receive an unbiased evaluation.

German Social Democracy

The Stronghold of Socialism. Before the war, for at least a generation, German Social Democracy was considered the stronghold of socialism; ever since the Social Democratic faction approved the war credits, it has been insignificant in the eyes of foreign socialists. Formerly, the organizations, the press, and the scientific literature of German Social Democracy were the pride of the International; now, no one thinks about it anymore. Formerly, one admired the sense of purpose with which the German proletariat expressed its class will-now, Emile Vandervelde declares that he does not know whether the German people are yet ripe for the Republic.[^1] One lumps German Social Democracy together with the bourgeois parties, sets the Junkers above the whole, and the Kaiser above the Junkers, and the slogan is complete! Worse than a slogan is a fetish! The Kaiser appears in the imagination efithese people as the embodiment of the — principle of Satan, the Antichrist. Thus, they tear the war out of all its context and place it on a personal-peak; the pyramid is inverted, but of course only in the imagination! They forget the little bit of historical philosophy that some among them. incidentally, only gradually learned from German Social Democracy, and adopt the standpoint of the dog that bites the stick with which it is beaten. German Social Democracy is a historical movement and can only be understood as such The approval of war credits was justified. But even if it had nọt been, it would be just as foolish to believe that the historical role of German Social Democracy could be examipe, ed a socialist era had damed in rante as, the entry of Guesde and Vaillant into the ministry. German Social Democracy was and remains the stronghold of socialism. If this stronghold falls, socialism in general falls with it. One should not indulge in any illusions about this. There can be different opinions on the question of what the German proletariat will achieve in the near future through the energy accumulated in its organizations and its political training. But there can be no doubt about this: if German Social Democracy cannot achieve it, the others certainly will not If it is true that German Social Democracy is close to abandoning its principles, then the socialists of other countries will not be able to retain them for long either. In fact, the supposed violation of principles by German Social Democracy already serves the socialists of other countries as a cover for their own lack of principles. They cry all the louder about the nationalism of German Social Democracy the more they themselves lapse into the worst chauvinism and opportunism. The entire new upswing of the socialist movement that Europe has experienced since the 1980s, including the International, is intimately connected with the history of German Social democracy, which in turn is inseparable from the history of the German Empire and the German people. Let's take a brief look back at how things developed.

The Beginnings: The Influence of the Great French Revolution

It was the great French Revolution and the world wars that sprang from it that first shook Germany politically. The emancipation of the peasants, elementary schools, universal conscription, and an intellectual movement that ventured to tackle the principles of world order were the consequences. History was later falsified by focusing on Napoleon. Napoleon was made into a fetish, like the German Emperor now. But even if Napoleon's personality played an incomparably greater role in the wars and politics of that time than the German Emperor does today, the emphasis lay not in him, but in the political forces that the bourgeoisie had unleashed

in France. In Napoleon himself, people saw only a military genius, his tyranny, and his dynastic interests, and overlooked the great state-building for which he had fought. It was the new bourgeois political order of France that all of Europe wanted to adapt. Therefore, Europe would have advanced by at least half a century if Napoleon had succeeded in maintaining his empire for even just another twenty years The setback, as is well known, came from the Muscovite Empire, which was still insufficiently developed materially and ideologically for the bourgeois state order. Napoleon's army perished due to Russia's roadlessness, its inadequate means of subsistence, and the primitive construction that made it possible to burn down all of Moscow. Now the development of Europe was held back by reactionary force, just as it had previously been driven forward by revolutionary force. It is good to remember this. Russian hegemony in Europe lasted until after 1848, and that was the time of the political stagnation. Only the Crimean War broke the disastrous Russian influence. Only political childish people and historica anoramuses can imagine that the internal policy of a state can be separated from its foreign policy, and that the political regime of such a large empire as Russia concerns only the state itself and not its neighbors. Ever since Russia had become a modern military state, all of Europe suffered from its political backwardness. Russian Tsarism not only held back Russia's development, but was and remains a tremendous obstacle to European development The clash with the Napoleonic armies brought to the full awareness of the entire German people the curse of German petty states, of ossified The derman bouge isle embarked on its struggle on its struggle for freedom. But the German idea of freedom was at the same time the idea of empire the striving for national unification, for political centralization. By contrast, by this time the general bourgeois ideal had already lost much of the luster with which it had een surrounded in the first years of the great French Revolution. The French Revolution itself had unfolded, in rapid succession, the class struggles that were disintegrating bourgeois society. With the overthrow of Napoleon, the military power of the French revolutionary armies was broken, and the prestige of the European monarchies was restored The minds in Germany were all the more inclined to take a critical look at the French situation because the socia structure of the German lands was not yet as permeated oy capitalism as in France, and revolutionary France initially asserted itself against Germany as a hostilé power that robbed it of its political independence. The workers' struggles in England and the development of socialist ideas in France provided ample material to nourish this critical spirit All that remained was to allow the criticism to pass through the depths of German philosophy, and the system was complete.

The Communist Manifesto and the German Revolution.

This happened in 1847 through the Communist Manifesto by Karl Marx and Fr. Engels. The historical experience, the social struggles on which the Communist Manifesto is based, relate entirely to France and England. Germany merely provided the philosophical method by means of which the inner workings of bourgeois society built on industrialism, of so-called capitalism, and its social consequences, were revealed. Thus, German philosophy overcame capitalism ideally at a time when it had not yet been materially realized in Germany. From this contradiction, an issue had to develop between the intellectual leaders of the German revolution and the German bourgeoisie, the political bearer of the movement. While German revolutionary thought went far beyond the ideas of the great French Revolution, the German bourgeoisie

lagged far behind the French bourgeoisie in its revolutionary behavior. Various factors played a role. First, the German bourgeoisie felt less strong and was further weakened by political fragmentation. For while in France the bourgeois revolution took place within the centralized state, in Germany this state had to be created through the revolution. Second, the German bourgeoisie had governments before it that already knew how to benefit from the experiences of the French Revolution. Moreover, it had a proletariat behind it that was openly preparing to stab it in the back. The German Revolution collapsed, and from then on the German proletariat became increasingly politically detached from the Bourgeoisie. The radical spirits of the revolution denounce the political betrayal of the bourgeoisie to the workers.[^2] Nevertheless, there was one idea that united German philosophy as well as the German bourgeoisie and the German workers. It was the idea of the unification of Germany. It cannot be emphasized enough that the Reich idea was a state idea—the idea of the formation of a large national state. France had already gone beyond the idea of the national state, for it had long possessed one; in Germany, it was the object of longing. The Crimean War and the Movement of the Sixties. The period of reaction that followed the 1848 Revolution collapsed in the Crimean War. After the great Russian defeats, Europe breathed a sigh of relief. The socialist movement, liberalism, and the German unification movement resurfaced. K. Marx took over the leadership of the International It was based on a world-political idea. For in order to To carry out this program, the political unification of Europe was a prerequisite. It was a Napoleonic idea, only rewritten in revolutionary terms. With the help of the internationally organized proletariat, Europe was to be united and a socialist world empire created, just as Napoleon had wanted to create a bourgeois world empire with his armed armies. The International was doomed to fail, even if it had not been destroyed by the Bakuninist conspiracy. It was a general staff without an army. The most important thing it left behind are the political rallies of the General Council, i.e., of K. Marx. And this shows best how weak the political basis of the movement still was at that In Germany, Lassalle's agitation began. The fundamental separation of the proletariat from the bourgeoisie, which he carried out, simultaneously meant the unification of the working masses throughout Germany, i.e., the breaking down of the political boundaries that fragmented the German people. In this respect, it was preparatory work for the German Empire. Hence Bismarck's attempts to approach Lassalle. Universal suffrage then provided the parliamentary basis for the development of Social Democracy as a national party.

The Franco-Prussian War. A Warning!

The Franco-Prussian War came. The German workers, like the entire German people, participated in this war with enthusiasm. A. Bebel and W Liebknecht took an isolated position. Even K. Marx's attitude was wavering. On the question of the annexation of Alsace-Lorraine, however, he had no doubts; but that was a specific question that could be answered with yes or no, regardless of the general attitude toward the war and its consequences.The German workers were enthusiastic about the war because they associated it with national unification, with the idea of the Reich. Nevertheless, very soon after the victorious war, which had actually brought about national unification, The national enthusiasm of the workers turned into an oppositional mood, and the rapid upswing of German Social Democracy began. Those who believe that German Social Democracy has been overcome by the national enthusiasm that the

current war has in turn triggered should take note of this. The national significance of the 1970s war was certainly much greater for Germany, closer to the masses, than that of the current world ware life even then, nationalism could not hold back the class struggle of the German proletariat, how much less can this be expected for the present?! Incidentally, one is generally mistaken about the character of the national enthusiasm that has now gripped Europe. It is not the beginning of a new nationalist era in modern civilization; rather, it is the conclusion of nationalism, its magnificent and bloody agony. The war has triggered all national feelings, all forces of nationalism that were still rooted in the peoples. It is the great mobilization, the great parade of nationalism. One can go no further. Nationalism is exhausted to the nth degree. And yet, precisely this world war has shown that nations cannot isolate themselves nationally in their development. In the intoxication of national enthusiasm, one seeks to eradicate foreign influences in industry, trade, politics, culture, and vocabulary-but even if this could succeed anywhere, one would thereby uproot one's own national culture. It is unparalleled madness to try to disregard the great global connections created by modern commerce. War itself is not about national interests, but about global interests. These connections fall outside of consciousness now that battles are being fought between nations, but they must emerge with all clarity into the light of day after the war.The war created abnormal conditions and abnormal moods. The masses have been catapulted from the complicated machinery of modern economic life and are leading. They live a soldier's life that knows no competition, no worries about food, and almost no differences in property; with death before their eyes, they do not think about the future; the state provides for everything, but it itself lives on bills of exchange for the future, since its usual sources of income are almost exhausted. But when the war is over, everyone will have to return to their old social position and resume the struggle for existence in the midst of capitalist competition. Then above all, the work of destruction that the war has created will become apparent, andkthe connection that most intimately links production, trade, and commerce throughout the world. Then, too, the ideas and feelings with which they went to war will be subjected to a revision, and nationalism will not be able to withstand this revision. Nationalism now burns with a high flame; what will remain is ashes. After the euphoria of victory in 1871, a disillusionment set in among the,German working masses, which soon gave way to political-disenchantment. The workers saw themselves cheated out of victory and also out of the Reich. For their social position was not changed by the victorious war and the founding of the Reich. The capitalist class, however, reaped millions. In the first few years after the war, the workers also profited from the business upswing but then came the trade crisis, which threw them onto the pavement and wreaked terrible havoc, especially among the little people, the artisans, merchants, etc. The Socialist Law The rise of social democracy frightened the German government. Bismarck, who was accustomed to using force, created the Anti-Socialist Law. But the working masses identified with the socialist agitators. They perceived the law as a challenge to the working class. The workers were indeed placed in a politically exceptional position by the Anti-Socialist Law. The result was that it led to social democratic agitation, which sought to educate the workers in class politics, also created an external bond that united them separated them from bourgeois society, and brought them into sharp opposition to government power, Since all other forms of public activity were severely restricted, German Social Democracy shifted its attention primarily to parliamentary action. Within ten years of the promulgation of the Socialist Law, it became a strong parliamentary party. To understand this development, we must

recall the political fortunes of the German bourgeoisie. After 1871, the German bourgeoisie showed even less independence in its political behavior than before. At that time, the French bourgeoisie proclaimed its social ideal as a world-redeeming idea. This was bourgeois liberalism, whose ultimate consequence is the abolition of the state. Laissez faire, laissez passer The bourgeoisie tells the state: Let us do what we want and step aside! The state only has to protect the property order; everything else is handled commercially: through purchase, sale and free contract. The state's role is left to be that of policeman. The English bourgeoisie has almost completely realized this liberal ideal. In contrast, the German bourgeoisie has not established its own social ideal at all. The French bourgeois was always on the offensive, ready to portray anyone who tampered with capital as an enemy of civilization, or society, of humanity; the English bourgeois grinnec and locked his capital in an iron safe—he knew it was robbery (see Ricardo), but didn't want it stolen by others; the German bourgeois, himself afflicted by the general doubts about the legitimacy of capitalist acquisition, appealed o the common good and state interests. But all three o hem went about the business of capital accumulation unscrupulously, without considering the interests of their fellow human beings. In addition, the German capitalist class found the world market already occupied when it first appeared. It is known that the English capitalist class was the first to introduce modern machine operation in the most important industries, and that thanks to this circumstance, as well as to English colonial possessions and the expansion of English world trade, it was able to defeat any competition on the continent. England created a monopoly position for itself on the world market. Compared to it, the European mainland was economically little more than a colony. To the free Briton, this state of affairs seemed entirely within the order of things, just as it currently seems right and just to him that England should close the oceans to world trade. The difficulty, the apparent impossibility, of breaking the English industrial monopoly depressed the bourgeoisie on the continent economically and politically, making it modest in its behavior and its demands. The German bourgeoisie did not, from its inception, have economic world plans like the English or the French It merely wanted to make room for itself on the domestic market; the idea of competing with England on the world market was far from its mind, and it actually developed on the basis of the domestic market, following on from railway construction, urban development, and military supplies. The economic stagnation that occurred on the world market after the 1970s trade crisis also acted as a political damper on the bourgeoisie. And so we see that the German bourgeoisie nestles up to government power, submits to it, instead of seizing political power. It doesn't even want that. Its ideal is not liberalism, but a strong empire. And since the empire is under Prussian leadership, it adopts the Prussian state ideal The government feels strong and is implementing an energetic state policy, of which two aspects deserve special emphasis: the nationalization of the railways and workers' insurance. Both remained piecemeal. The nationalization of the railways would have to be accompanied at least by a nationalization of the coal mines. Subsequent developments have shown that a Nationalization of the coal mines would have resulted in magnificent financial and economic the most results. The workers' insurance was inadequate because its financial resources were too limited, because its organization did not give workers' representatives full rights, and because it had failed to standardize working hours—for establishing a short working day is the most important means of preventing industrial accidents and industrianillnesses. That the Reich government believed it could unseat Social Democracy through workers insurance was, of

course, a gross, albeit understandable, error on the part of the statesmen who saw the essence of Social Democracy in Socialist agitation instead of learning to understand it from the social position of the working class and the development of the Reich. Since workers' insurance, was presented as a means of struggle against Social Democracy, it was bound to be! received with the greatest suspicion by the latter. The inadequacies of the planned workers' insurance provided Social Democracy with ample material for the sharpest criticism Furthermore the workers felt the brutal combination of workers' insurance and the Socialist Law-carrot and stick—as a violation of their sense of honor, a deep insult. It one examines further the way ir which the struggles over workers' insurance were fought at that time, one finds that, to a certain extent, the German Social Democrats themselves feared that Bismarck might succeed in diverting the proletariat from the revolutionary path through his insurance laws. The delusion that workers' insurance had limited the development opportunities of the trade unions persisted for a long time and clouded the vision of even such bold minds as August Bebel.[^3] Social Democracy suffered no setback as a result of workers insurance; on the contrary, its popularity increased and its power increased through the position of power achieved by the workers' representatives in the insurance organizations. This proves that when assessing a state action, one must consider not only the intentions pursued by the government or the ruling classes, but also the consequences that the measure must entail within the modern social machinery. Workers' insurance was a conquest of the Social Democrats, although it was intended as a means of struggle against them. The Social Democrats' position on the nationalization of the railways was much simpler. For here the government pursued no socio-political or even economic plans at all; rather,the nationalization took place for military reasons. The Social Democrats opposed it because they did not want to increase the power of the state that was raping them. At present, there is hardly anyone who would want to undo the Prussian nationalization of the railways The German example has since been imitated by other states, and the expediency of nationalizing the railways is generally recognized, both for military and financial and economic reasons. Social Democracy no longer fundamentally opposes the nationalization of the railways anywhere, but in some states the project has so far failed due to the resistance of capitalist railway companies, which made excessive financial demands or managed to distribute shares through parliamentary intrigue. It is precisely in France and England, the "liberal" states that are now presented to us as the bearers of civilization, for whose sake Germany was to be crushed by the Russian "roller," that these capitalist clique interests are most strongly asserted. What the government in Germany, supported by militarism, had already successfully accomplished in the 1880s, those states of bourgeois liberalism have not managed to this day. This means that militarism can also have its positive consequences.

Social Democratic Agitation under the Socialist Law

The economic stagnation, which, as already mentioned, had made the German bourgeoisie even more timid and fearful in its behavior toward the government, intensified the Social Democratic opposition. In politics, national liberalism, the Socialist Law, Bismarck's failed Kulturkampf; in industry, business stagnation; in agriculture, a creeping crisis; new military bills, new taxes, rising bread tariffs; and, at the same time, unemployment and tight wages. The great workers' tribune, August Bebel, expressed the mood of the German working class at that time in

glowing words. He remained in this mood later on, throughout his life, and took it with him to the grave. For Bebel, bourgeois society no longer existed at all. It had destroyed itself. What emerged were only products of decomposition He compiled folders for the symptoms of this decomposition, of the process of decay in all areas of social life and politics, and presented them in his budget speeches, which he shaped into a grim picture. Illuminated by the burning anger of the proletarian fighters as if by a subterranean fire; this grim depiction then formed the backdrop for an apotheosis of socialism, delivered in the pale blue colors of the Christian sky.[^4] He castigated the bourgeoisie and the government, making those in power appear petty and worthless, showed the masses their misery and promised them a future that corresponded to their longings, and he always stood as an upright, sincere man who shared with his whole soul the indignation, the sorrow, and the hopes of the masses— therefore, he swept them along with him. At the same time, he was an intimate connoisseur of the development of the bourgeois parties and their active members, and he knew better than anyone how to expose their inadequacy and indecision. In foreign policy, his hatred of Russian Tsarism was surpassed only by that of W. Liebknecht, who never tired of pointing to the liberation of Poland, i.e., the destruction of the Tsarist Empire A. Bebel and W. Liebknecht certainly never dreamed that the fact that they had refused to agree to the annexation of a French province after a victorious war could serve as a justification for the French socialists in their plan to bring the Tsarist armies all the way to Berlin. If they did not want the annexation of Alsace-Lorraine, that did not mean that they were prepared to hand over East Prussia and Galicia to Russia without resistance. And they were not sentimental fools either; they knew that the Tsarist armies could not be defeated with platitudes about the sanctity of the International, but only with the weapons of the German General Staff The fight against Tsarism was one of the most popular means of agitation of the German Social Democrats. This was at the same time an attack on the Prussian government. The government was accused of maintaining and promoting its racial friendship for reasons of domestic policy, for it was preparing to rely on the Russian armies in the event of a German revolution. Often enough, the sycophancy before Russia and the groveling before the Tsarist throne were rebuked in the harshest terms, and it was pointed out that by attending to the affairs of the Tsardom, the worst danger was brought upon Germany itself It is well known that K. Marx predicted the annexation of France to Russia as early as 1871. But that, of course, does not mean that he would approve of this annexation. On the contrary, he feared it and saw it as a danger for Europe and Germany. Undoubtedly, Bebel and Liebknecht's position on the question of the annexation of Alsace-Lorraine was not only based on general reasons of justice, but also on consideration of the political consequences of the annexation. They wanted to spare France so as not to throw it into the arms of Tsarist Russia. So, again and again, the Russian danger! And then political hollow-minds to be able to construct a contrast between the current stance of German Social Democracy and the position taken by Bebel and Liebknecht at that time. It What appears to them as a political consequence would in reality be an automatic parroting of one and the same word, as occurs with cerebral paralysis. They resemble the fool in the fairy tale who has been taught a congratulations and who repeats it when he encounters a funeral procession. Thus, German Social Democracy has criticized bourgeois society, the parties, and the government's domestic and foreign policies; the whole, however, was summarized by the struggle against the Socialist Law and directed toward a close, clear goal.

"The German model."

In 1889, the International Socialist Congress met in Paris. German Social Democracy was celebrated as the champion of the world proletariat. From the outset, it demonstrated itself as the strongest bulwark of the International and remained the leading socialist party until the outbreak of war. The socialist parties of other countries consciously sought to imitate "the German model." Where did the international prestige of German Social Democracy come from? First of all, from the fact that socialism in other countries had no outstanding successes to show after the fallof the Paris Commune It was action that impressed. The successes of German Social Democracy instilled new confidence and hope in the socialists of other countries and encouraged them to take a vigorous stand. The German Social Democrats did not need to instruct the socialists of other countries about the expediency of the international union of the proletariat. The history of the First International took place primarily in those countries. But in order for this bold undertaking to be attempted again and put into practice, the socialist workers in the leading countries first had to trust in the power of the movement, and this happened after the successes of German Social Democracy. It is a common idea that Marxism made German Social Democracy strong and determined its influence abroad. Marxism did away with a number of false historical and economic ideas with which socialist agitation was/mixed and gave the class struggle of the proletariatia broad scientific basis; nevertheless, it was not Marx's ideas that nade German Socia:Democracy popularirathe t was German social Democracy that brought these ideas to international attention. The respect for the concentrated power that German Social Democracy developed also increased interest in K. Marx, whose ideas carried this movement.[^5] Concentrated power was what impressed outside Germany have never lacked bold ideas. But there was always a great disproportion between the political plans and the political power of the socialists. That is why they appeared like dreamers. This time, however, one saw the growth of a well-organized power of the socialist proletariat in Germany, one that was impressive in all respects. This had to result in tactical changes. Previously, the element or surprise played a major role in socialist tactics: Since socialist organizations were weak, they set themselves the task of controlling the masses through a conspiracy which they set in motion as a result of major political conflicts, ie at the time of revolution. This tactic originates directly from the land of revolution, France. Every time the French bourgeoisie came into a revolutionary clash with the government, the socialists attempted to place themselves at the head of the working masses in order to seize state power. This then became the guiding rule of socialist tactics. Revolution was thus the true prerequisite of socialist activity. Socialism emerged as a specific revolutionary party that can only live ano breathe in revolution. But revolution is not constant. What should one do in the great intervals where there are no revolutionary clashes?, There was no answer to this. All hopes were placed in revolution: outside of revolution, there was only desolation: People even feared that if a long time passed without revolution, the revolutionary spirit of the proletariat would wane. They feared that parliamentarism would distract the proletariat from its great social-revolutionary tasks. They even feared the trade unions because they supposedly channeled the class energy of the proletariat in the struggle and wasted time on small tasks. Everywhere, people saw dangers to the revolutionism of the proletariat, on which the success of the revolutionary coup depended solely and exclusively: and which was to secure socialism's seizure of political power. They saw no other way out than

the most rapid bringing about of the revolution—a tactic that completely misjudged the historical character of revolutions. Then came the German Social Democracy and showed that, even outside of the revolution, by exploiting the proletariat's parliamentary rights, they could form a strong organized, disciplined political party with a social-revolutionary fighting goal. Now they knew what they had to do before the revolution began, and they sought everywhere to imitate the German model. The task was actually to create a power out of the proletariat as a class that always and everywhere, in parliamentary machinery, in revolution, in war, remains true to itself, thus primarily representing the class interests of the proletariat. However, one was aware of this, even within the ranks of the German Social Democracy was not clearly aware of this, even less so abroad. Rather, the problem was sharpened as follows: by exploiting parliamentary means, to create a power from the proletariat that would be strong enough to bring about the revolution. The Anti-Socialist Law fell. It was followed by Bismarck. That was a triumph of German Social Democracy that astonished the world. 25 years have already passed since then, a quarter of a century. Since then, German Social Democracy has expanded enormously. But it has lost the clarity and decisiveness of its tactics. The Socialist Law gave social democratic agitation a clear and immediate goal. The main thing was the social revolution, but first and foremost, the Socialist Law hadsto be abolished: That was simple and obvious. When the Socialist Law fellsa sensitive gap immediately became apparent: what should be the immediate goal of the struggle? For it was clear that the great confrontation with capitalist society, the socialist revolution, could not be staged immediately. It was obviously necessary to bring to the forefront a practical demand that directly addressed the proletariat in its class interest. A major effort in this direction had already been made under the Socialist Law. That was the demand for an eight-hour day, put forward at the International Socialist Congress in Paris in 1889 The demand was put forward to surpass state socia policy, to direct agitation toward an immediate proletarian l, and to unite the proletariat internationally in the practical struggle foelts class interests. From the same perspective, May Day celebrations were decided upon as a complement to the agitation for the eight-hour day. The May Day celebrations were by no means intended as the harmless peace demonstration into which they later developed. It was supposed to be the grand parade, the mobilization of the social-revolutionary proletariat and its training in international revolutionary action. But the German Social Democrats did not dare to take the matter seriously. They retreated slowly but consistently across the board. It was easy to fight against the socialist Law. Firstly, one had to. The law was there, the government had created it, and there was nothing left to do but fight it. Secondly; it was enough to remain on the defensive. If the Social Democrats showed that they could resist the law, that their development could not be stopped by the Socialist Law, then the game was won. But now it was time to move from the defensive to the offensive. Now it was no longer enough to resist being defeated; one had to impose one's will on the government and the parties. A large fighting apparatus had to be developed, and a risk had to be taken. But it was precisely the successes of the Social Democrats under the Socialist Law that taught them to avoid risk. The principle established under the Socialist Law was: "not to allow oneself to be provoked!" We accept the fight when it suits us. That was quite right. But gradually, tactic developed from this of avoiding any major conflict But anyone who consistently avoids a serious clash in battle cannot make progress. Both the defensive and the offensive have their specific prerequisites. One can achieve one's goal just as little with the one alone as with the other. Opinions within the German Social Democrats were divided. There were

a number of noisemakers who wanted the fight for the sake of the fight itself. They demanded a sharper tone from the Social Democratic faction in parliament; they wanted to press the government and the bourgeois parties to the utmost to provoke in order to bring about an open conflict. They wanted to give the state a battle without first assessing its forces and without specifying an immediate goal of the struggle. Certainly, the "final goal" was there. But that was, so to speak, the great goal of the campaign; for each individual battle, however, one must first know what is being fought for and which positions are to be conquered. The result of this tactic would have been the triggering of chaotic fighting. The German Social Democrats rightly did not want to get involved in that. Unfortunately, these political inconsistencies brought the idea of the proletarian offensive into disrepute. On the other hand, G Vollmar, on the contrary, recommended a softening of tone. He believed that we could achieve success if we were more conciliatory toward the government. He wanted us to adapt to government policy, while in reality the point was to force the government to adapt to proletarian demands. The government itself had no intention of reconciling with the Social Democrats; rather, it was preparing its coup proposals, and the working masses, buoyed by the feeling of victory over Bismarck, were least of all inclined to make a pact with the government. The decisive tactic became the gathering of forces in order to deliver a general battle to the capitalist state at the appropriate moment. Therefore, above all, avoid any dissipation of forces. All attention must be directed to the great struggle ahead. No sidetracking, no secondary goals! No modern campaign can be won in a single battle. The same applies to politics. The idea that the social revolution could be prepared secretly in such a way that the goal could be achieved with a single major blow was a terrible illusion. Before the proletariat can achieve political power, it must first learn to assert itself politically. Its will must be strengthened through political struggles. Its courage must be increased through political success. It is precisely the proletariat, the oppressed class, that must firstLearn to dare great things. The characterization that Karl Marx gave the proletariat in the Communist Manifesto, as the social class that has nothing to lose and is therefore always ready for revolution, was misleading and caused great harm. New worlds cannot be built with the courage of despair. The proletariat that Marx had in mind could hand over the masses to a handful of conspirators who wanted to seize power, but was incapable of pursuing an independent state policy. For this, political training, the expansion of organizations, a certain social and cultural advancement were necessary, and it was necessary for the proletariat to learn to face major political problems and to implement them. The despairing mass is pessimistic; it rejects everything because it sees no salvation anywhere, and precisely for this reason it is extremely timid and timid in its political demands and plans The pressure of necessity reduces its expectations and hopes for life. That is why it is easily prepared to let everything go to hell. On the contrary, a class's struggle for power requires endurance and confidence in victory. The proletariat had to learn to see itself not merely as the force capable of overrunning the state, but as the foundation on which the entire social order, and with it the power of the state, is built. Only then could it learn to demand and achieve. The irrationality of the tactics, which focused all of the party's activity on a single great general battle, was concealed by the fact that this general battle was imagined as imminent. Therefore, it was only necessary to be patient for a short time, and then the solution to the problem would come of itself.This tactic was strong in negations. Nationalizations, no, because by doing so we would strengthen the power of the state, against which we soon intend to deliver the great general

battle. Trade unions, doubtful, because by doing so the attention of the proletariat would be diverted from the great goal of the struggle. Moreover, success is uncertain, and it is not worthwhile that we concern ourselves with this, since we will soon conquer the state through the great general battle to uproot the capitalist economy, and make the trade union struggle superfluous. Consumer cooperatives are nonsense, they merely fool the workers; it is not about organizing consumption, but about seizing the means of production, and we will soon achieve that through our great general battle. The struggle for the eight-hour day and the May Day celebrations were postponed because it was feared that if we became too strongly involved in these questions, we might be forced to fight the great general battle sooner than we considered expedient. Meanwhile, time passed, and the longer it lasted, the more the general battle seemed to move away from us instead of closer. The resulting party situation will be described later. For now, we only want to account for the origin of the growth of German Social Democracy during this period First, the class position of the proletariat. The German working class will never return to the ranks of the bourgeois parties. On the other hand, the existence of the independent workers' party will always exert a tremendous attraction on the workers who still remain outside it. German Social Democracy could only be weakened by splits; no danger threatens it from outside. As long as the unity of the organization is maintained, German Social Democracy will, despite all struggles and all tactical changes, continue to expand its organizations. Moreover, the German governments took ample care to ensure that Social Democracy did not run out of material for agitation. The bourgeois parties bowed to the government and feared Social Democracy. They counted almost entirely politically. Germany, with its world industry, was governed agrarianly. The greatest resistance to this policy was offered by Social Democracy. It was therefore in the foreground of the parliamentary struggles, which drew the attention of the masses. Moreover, during this time, the German proletariat found an outlet for its class struggle in the trade unions. A tremendous amount of work was accomplished here, demanding numerous forces. Here, too, proletarian successes were achieved that inevitably increased the courage and confidence of the class. And once again, the German proletariat showed that it was going its own way. It had created trade union centralizations that far surpassed the famous model of the English trade unions. Within two decades, from modest beginnings, the German trade unions had surpassed the English ones in membership and revenue. And now, it is no longer the English but the German organizational model that determines the central associations. The English workers themselves are making every effort to imitate the German trade unions, for nowhere else is the principle of centralization implemented as consistently in trade unioneorganizations as in Germany The central associations are an indispensable condition for a large scale international organization of trade unions. By showing that this organizational principle can be implemented purposefully ano consistently throughout an entire country, the German workers have set the direction for other countries and thus laid the foundations for international associations. Another example of how the best way to achieve international proletarian unification lies not in the exchange of politeness, but in the establishment of strong organizations, in the representation of the proletarian class interests in one's own country. The successes of the German trade unions in regulating workers' wages and working hours have raised the courage and self-confidence of the German working class. During this period, the initiative of the German workers was also very strong and successful in the field of consumer cooperatives. Finally, the expansion of the Social Democratic press, which

took place during this period, should also be mentioned. In this respect, too, German Social Democracy stands unrivaled in the history of the socialist movement. The large Social Democratic daily newspapers, with their own, well-equipped printing presses, currently form the very backbone of the party.[^6] Thus, in the period since the abolition of the Socialist Law, the German proletariat has accomplished a great deal of organization, gathering of forces, and enlightenment in extra-parliamentary areas, and this work contributed not a little to the growth of Social Democracy, even though the party's political tactics were not suitable for permanently keeping the enthusiasm of the masses alive.

The Decline.

Belief in the imminent revolution was gradually lost. The tactics, however, remained the same; they were still calculated on the great general battle. It was a form without content. Pure revolutionism became mere phrase. People always prepared for the great confrontation with the state, but when halfway serious conflicts arose, they were regularly avoided. No, not yet, we are not ready yet! Why? There was no answer to that. When the time has come! But decades passed, the party grew, its dimensions exceeded all expectations, and no one had yet been able to decide to take the great general battle seriously. Occasionally, attempts were made to adopt a sharper style of struggle, but as soon as the government seriously resisted, they regularly - withdrew. It was clear that German Social Democracy would never be able to decide on an assault against state power. The revolution could only take place against the will of revolutionary Social Democracy; it had to be forced upon it; only then would people recognize that the time had come.
The revolution became a scheme, an incantation. An unbridgeable gap formed between it and reality. In order not to notice this contradiction, the minds had to be specially prepared. What was needed was that "theoretical training" that was excellently carried out by K. Kautsky through "Neue Zeit." The prerequisites for this political marasmus were already evident in the Erfurt Program written by Kautsky, which German Social Democracy held sacred as the thrice-purified science According to the Communist Manifesto, nationalizations were intended to form the economic starting point of the social revolution. F. Lassalle demanded state credit for productive cooperatives. The Erfurt Program ignored the economic problems of the social revolution, the question of how the capitalist system of production and distribution should be transformed into a socialist one, with the general principle of the socialization of production. How this socialization differs from the collective enterprises already developed within capitalist society, such as nationalizations, communal enterprises, cooperatives, and joint-stock companies, no one knows. The masses believed it was something quite special, it was nothing, it was a vague concept extended into the most general terms, from which any concrete content was extracted, like a squeezed liver sausage. Should we advocate nationalization, municipalization, cooperatives? The program provided no information on this; the question could just as easily be answered with yes as with no. The proletariat was to seize political power in order to socialize the means of production. Since no information could be given as to how this socialization was conceived, it simply meant: Let us gain possession of state power, and then we will see how things turn out. The social revolution was stripped of its social content, so that it appeared to be a purely political question The Erfurt Program knows only the impoverishment of the masses

and the concentration of capital; above this, the lack of planning in production with the explosive effect of trade crises. The entire magnificent development of the world market falls outside its framework. But since this is the basis for the current struggles of the working class, these too are excluded from the program. It knows only the "final goal" in the vague "form" familiar to us and has no room for development. The perspective is colossally shortened, the contradictions metaphysically sharpened Capitalism decomposes the handicrafts, ruins the peasantry, the proletarian appears on the scene, but there the program ends! There is no room in the Erfurt Program for the proletariat's upward work within capitalist society, through which the organizational foundations are created for the socialist transformation of the state and the mode of production As an appendix, without justification, without connection to the actual program, some contemporary proletarian demands are put forward alongside the demands of bourgeois democracy. This program is not borne by the spirit of the rising proletariat, but rather it is the petty bourgeois, who threatens the capitalist with the death-bringer proletariat. The Erfurt Program hindered rather than helped the development of the trade unions. A few years after the formulation of the Erfurt Program, the aging F. Engels made the magnificent discovery that since 1848, the streets of capital cities had been widened and that, as result, successful barricade fighting wás no longer possible, especially since weapons technology had become enormously sophisticated since then. He himself objected to the idea tha victorious revolutionary uprisings were impossible from this, but the conclusion was drawn nonetheless. Even where people did not go so far as to present the revolutionary uprising as a utopia, a feeling of insecurity and uncertainty remained, which paralyzed the desire for action It took the Belgian mass strikes, the Austrian demonstrations, and the Russian Revolution to bring to general awareness that the chances of a revolution cannot be judged solely from military-technical standpoint.[^7] Socialism reduced to the meaningless concept of socialization, revolution without knowing how — to carry it out. It is clear that with such a mental state, one could not decide on anything But the party grew and prospered. Thus, one finally founa consolation for all doubts in it. The means became the end The old tactics that led us from "victory" to "victory" were praised That this old tactic had a different meaning under the Socialist Law, and yet another in the initial period after the Socialist Law, when a sharp conflict with state power was expected at any moment, and that it collapsed when this danger was eliminated-that was not seen; it was not understood. Anniversaries were celebrated. At first, these celebrations were isolated; but as the years went by, the round numbers increased, and the anniversaries became as important a factor in party enthusiasm as the veterans' festivals. Memories from the time of the Socialist Laws were dug out. People admired themselves in the mirror of the past. Between a fantastic future and a glorious past, they forgot the present. The revisionists, opportunists, etc., certainly placed greater emphasis on present-day work, but like the others, they lacked the confidence in the revolutionary power of the proletariat to pursue a generous policy. Some promised great achievements by the proletariat in an unknown future, but shied away from serious conflicts in the present; others no longer had firm faith in the promises of the future, expected even fewer great achievements from the present, and therefore resorted to compromises with the bourgeois parties or the government, thus achieving small successes. The steadfast revolutionaries of the future put on a lion's skin and roared terribly-less to frighten their enemies than to inspire courage in themselves. The opportunists cast pleading glances at the bourgeoisie: Come and weed our skin! The mood was sluggish. For many years, people had been complaining about

waning enthusiasm and deadly boredom in the organizations. The only counterbalance to this was the renewed breakthrough of revolutionism, which wanted to strike immediately under all circumstances. There was a certain justification in this. For struggles were indeed necessary to bring about the breakthrough of the proletariat's revolutionary energy. However, since revolution is not an end in itself for the proletariat, but can only be a means to an end, the solution did not lie in this, but rather it was necessary to put forward a proletarian demand, in the implementation of which, however, no means could be avoided. One such demand was the eight-hour day. Regardless of the way by which the proletariat achieved this goal, whether revolutionary or parliamentary, in any case it greatly increased his social standing and his political influence, and consequently also his entrepreneurial spirit. But no one dared to tackle such problems. The eight-hour day was almost forgotten. May Day celebrations became a peace festival. At the same time, the international socialist congresses increasingly took on the character of peace demonstrations. The fight against capitalism became the fight against militarism. This, in turn, transformed into propaganda for world peace. Once, social democracy did not find enough scorn and ridicule for the bourgeois ideologists who wanted to eliminate wars from the world through humanitarian or pious phrases, peace societies, and international resolutions.[^8] Now it itself fought the ever-increasing threat of war with phrases and resolutions that they themselves had not been able to enforce in the individual countries. The discontent generated by the fruitlessness of the struggle against the threat of war in the individual countries was brought to the International Socialist Congresses. Here people let off steam and thereby created the impression of great resistance to the war. They also deliberately wanted to provoke this impression in order to frighten the governments-in reality, however, they only revealed the impotence of socialism in the fight against war. When the war came, no one thought of striking. Instead, everyone attacked the German Social Democrats. They should have set a good example-according to the little saying: "Hannemann, you go first, you're wearing the biggest boots." But it could not have been the task of German Social Democracy to disorganize the German army at the outbreak of this war. One could no more demand that of it than, for example, that it blow up the German ammunition stocks or show the enemy armies the routes to Berlin. One confuses the efforts to prevent the outbreak of war with the behavior later, when the war has already broken out and it has therefore not been possible to prevent it. Could the war have been prevented? The way things developed, no. But it would have been different if German Social Democracy, throughout its development since the abolition of the Socialist Law, had shown more revolutionary determination and thus gained more political influence. It knew well what was necessary when it fought the government's policies. It simply had to insist on its will instead of repeatedly avoiding a decisive conflict. That would have been beneficial for the German Reich as well as for the entire world if Social Democracy had been more prominent in the Reich, Germany would have enjoyed sympathy in the world that it does not have now. The successes of the Social Democracy in the socio-political sphere, especially — German on the question of the eight-hour day, would - have immensely strengthened the position of the proletariat in all industrialized countries and strengthened international ties. Even relations with England would definitely have improved. Even if the English imperialists prepared the current world war systematically and purposefully, it would be wrong to judge the entire country from this perspective. English workers have always advocated peaceful cooperation between nations. But even among the English bourgeoisie, there are already layers who have a

business interest in the development of trade relations with Germany. The only people interested in the war against Germany are those colonial Englishmen who had long since replaced business with sport and who, in the tranquil peace of their exotic existence, were disturbed by the energetic advance of German businessmen, and a few English financial and industrial cliques who would like to monopolize the world market The influence of these cliques can best be counteracted by developing trade relations between Germany and England. Since German Social Democracy fundamentally supports free trade, its influence would at least moderate Germany's protectionist tariff policy and thus contribute to the further promotion of trade relations between Germany and England, which are already very important for both countries. The business and cultural ties between Germany and England would thus be strengthened, thus counteracting the intrigues of the imperialists. Relations between Germany and France had already improved at the end of the 1890s and were developing well when England began its intrigues to encircle Germany This was what rekindled the idea of revenge in France and gave it unprecedented strength. If France realized that it could not rely on England in the event of war-which it would have to do if relations between Germany and England improved its relations with Germany would also be able to continue to develop favorably. The Oriental Question became a threat to European peace primarily because the major European powers had shifted their mutual rivalry to the Orient. The economic development of the Orient would proceed best if it were notelinked to, secondary political goals. A lessening o tension in Europe would theretore also ensure a calmel development for the Orient. The relationship between Germany and Russia is different. The Russian socialists, who are now jumping for joy in their indignation against, German Social Democracy, only to then fall very roughly on their nationalistic backsides, can be assured that if German Social Democracy had more influence in the Reich, German policy towards Tsarist Russia would long ago have adopted a completely different tone and a completely different behavior. But if the German government had broken with its traditional friendliness towards Russia and shown more defiance and determination towards Russia, this would in turn be a factor favoring a rapprochement between Germany and England For, until the outcome of the Russo-Japanese War, English policy was directed primarily against Russia.[^9] It is clear that under these circumstances, the Imperial government could not have sided with the Tsarist throne during the Russian Revolution, as it actually did, but if it would have turned more towards the revolutionary, all greater the influence of Social Democracy. A decisive victory of the Russian Revolution would transform Russia into a democratic state, and a democratic Russia is only conceivable as a federation of the great nations that comprise the Empire. Thus the secular danger to the democratic development and peace of Europe would be deprived of its reactionary lifeblood. Of course, one cannot assert with certainty that the world war would have been avoided in this way, but it is undoubted that the chances for war would have been reduced and the resistance of the proletariat would have been increased German Social Democracy was not alone in a lack of understanding how to win rights and power for itself in time. In addition, it transmitted its own cowardice to the whole world. Just as it itself had become accustomed to toying with the idea of revolution, it believed that governments would merely rattle their weapons but would never decide on a European world war. In part, it was right For in the 1980s and 1990s, a peace psychosis developed that spread through public opinion. An entire literature emerged that portrayed a European war as impossible for economic, political, and psychological reasons. The evidence was reminiscent of

the reports issued at the time by scientific authorities against the introduction of railways. Social Democracy readily allowed itself to be lulled by these sentiments. In recent years, it had noticed that the mood of public opinion was changing. Then it cried out, but it was already too late in any case. What had been missed could no longer be made up for, and events grew beyond the control of Social Democracy.[^10] When war came and Germany was threatened by the Russian armies, there was nothing left to do but strike back. German Social Democracy recognized that the democratic development of Europe and the German Empire, with which their own history is most closely linked, were threatened by the Tsarist armies. They had to defend themselves. Once this had been decided, there could be no doubt that leadership had to be transferred to the General Staff, which had been preparing for this struggle for decades and had the army and the state resources at its disposal. It had to be. No more words need be said about that. I by no means want to whitewash German Social Democracy. It bears a great political guilt. But that was not the fault of a single moment, of a single vote; it was a wrong tactic that was applied for 25 years and could no longer be changed at the critical moment—a guilt that had been accumulating over decades.

England and France.

But what was it like in the great industrial countries of the Entente, in England and France? A large section of English workers was against the war. But the English government, which boasts of its democracy on a daily basis, ignored the opinion of these working masses even more easily than the Prussian government did the peace demonstrations of the German Social Democrats. How was that possible? The reason is precisely that the English proletariat was even less able to assert itself politically than the German Social Democrats. Despite the much-praised democratic constitution! For the capitalist government and the bourgeois parties in England were far better able to thwart the development of an independent policy of the working class through cunning deceit, and corruption than the much-maligned Prussian government under Bismarck and later through force. The English workers were fooled. They limited themselves to pursuing their immediate working interests and left general policy to the capitalist class, and foreign policy to the government The government, forits part, did not spare words to pay homage to the sovereign people. They did not shy away from delving into the feelings and expressions of the workers in order to present the deception in a form that suited them best. Lloyd George developed this art to mastery. He perfumed his words with sweat, poured into them the vinegar of class hatred to adapt to proletarian sensibilities. He composed his slogans from the strongest nutrients of demagogy and baked them round and hard, like dog biscuits. The workers were lulled to sleep, and the entire English people were deceived. The English people actually they veemselves controlled their outh estini house, that became clear that secret agreements and intrigues, conducted by several individuals, had brought the entire people to the slaughter. The lack of influence of the English workers is instructive enough: it shows where things would have ended if opportunist tactics had been applied in Germany. If German Social Democracy was not revolutionary enough, then it was the misfortune of the English workers that they had no Social Democracy in the German sense at all. One secondary factor must still be mentioned, which is interesting from several perspectives. As much as the English workers were against the war, they did not take the war seriously enough. was because

there was no general military conscription - This in England. It wäshwell known that the war demanded costs and sacrifices, but everyone was of the opinion that they were personally free not to embark on the adventure. That was one of the fictions of liberalism: a free labor contract and free military service! The worker allows himself to be exploited voluntarily and allows himself to be recruited voluntarily. If he dies, he has been paid. He is worse than a slave, for he is merely a piece of merchandise. A unit of account, a figure, a monetary value! People, horses, feed sacks of ammunition, all — just the "silver bullets" of Mr. Lloyd George! And the free Briton was proud that he was not a soldier in the Prussian sense! He did not have to be one if he did not want to. But when the great war came, it brought unemployment with it: the worker had to want it! The free Briton thrown onto the pavement either had to see himself and his family go to ruin or join the army. Thus, the war itself had to create soldiers. This was what the English philanthropists, democrats, and people-enrichers speculated on! But even earlier, when hunger made this necessary, higher wages and the military lifestyle were tempting. War was perceived as a sport. And to whip up people's spirits even further, the advertising drum was beaten. They drove the blood to the brain of the common man. They persecuted him in the streets and in the bars, they gave him no peace ano quiet at home, they provoked and goaded him with large and small stabs, with shouting and clattering, with fire and tongs, like the bull in the arena. They could do iter because they had the power, the money, the press The worker was not materially free, for he depended on the wages paid him by the capitalist: one only had to close the factories, and he would have to join the army; he was not morally free, because the entire apparatus of public opinion was in the hands of the government and the ruling classes. And once the army was assembled, an era of war , developed that swept away those who remained outside. That was English democracy! — The great lie of English liberalism. Since the outbreak of the war, the French socialists have become accustomed to looking down their necks at the German Social Democracy. These Germans, who haven't even made it to the republic yet! The French forget that they owe their third republic in large part to the defeats inflicted on them by the German armies in 1870/71. But apart from that, the opinion in France seems to be that the republican form of government entitles one to everything and obliges one to nothing vis-à-vis foreign countries. One would think that precisely the republican form of government, which assured the masses of the people a decisive influence on government policy, would prompt the French socialists to most readily and with all their energy to opppose war. Instead, they used this as justification for allying themselves with the Tsarist regime in order to secure its domination over Europe. IIf the English workers had been deceived, the French workers were betrayed-betrayed by their leaders, who had attained power and prestige at their expense and were now allied with the most wicked dynasty in the world to indulge an insatiable ambition. That things were allowed to come to this, however, was the fault of the French workers, who failed to exploit republican freedoms and rightsato expand their trade union organizations and form a strong, purposeful Social Democratic Party that would represent theclassanterests of the proletariatkeep its leaders in check,, and not allow itself to be beguiled by republican phrase-mongers One of the reasons that prevented this development was the republican form of government itself. The government did not stand above the people or separate from them; it was formally subject to the popular will. It changed regularly and irregularly. While, in view of the strong, independent government in monarchical Germany, it was clear to the masses that if they wanted to overthrow the government, they would have to form a force capable of overthrowing

the state, in France, on the contrary, it seemed easy to seize the government, which would then give them a handle on which to overthrow the state. This was also in keeping with the revolutionary traditions. The parliamentary interplay of ministerial overthrow and cabinet formation reinforced these illusions Added to this is the much greater experience and skill of the bourgeois parties in parliamentary struggles and demagogic tricks than in Germany, the tradition of the Great French Revolution with which the bourgeois republicans clothed themselves, and the self-confidence of the French bourgeoisie, which also made a certain impression on the workers. It was difficult to tear the French workers away from the republican mishmash that shimmered in all colors. This work was carried out primarily by Jules Guesde and his friends. In the 1880s, the Guesdists stood as a united, goa -oriented, socialist workersparty modeled on the German model. But the stronger the party grew, the more difficult it became to maintain its independent parliamentary position. The liberal forms of political life in the Republic offered the growing party a thousand temptations to exploit its power while sacrificing its independent class position. The decisive factor was the Dreyfuss Affair. Jules Guesde sharply recognized at the time the danger of political distraction that threatened the party as a result of the great political confusion that this affair resulted in. However, he fell into the opposite extreme and did not want to notice that the Dreyfuss case was developing into a major confrontation with the reactionary forces in France Because he wanted to prevent the workers from taking a stand in these great struggles, which was impossible, he thereby encouraged the tactics of the others who, by way of protecting republican liberties, were moving toward ministerialism. Jean Jaurès understood the agitational significance of the Dreyfuss Affair, but was initially undecided on the question of participation in the ministry.[^11] Later, when ministerialism became a method, he recognized the danger and sought to counteract it by uniting and disciplining the party. That was certainly the right path. But ministerialism was a fact and proved to be a major obstacle to the development of an independent policy by the Socialist Party. After contact with the Ministry had been established, there was no shortage of defectors from the Socialist Party. It got to the point where the route via the Socialist Party became the shortest to reach the Ministry. And when some passed through the Ministry, a competition for portfolios developed among them. A clientele gathered around every minister or ministerial candidate. The condition for the Socialist minister and his clients, however, was that they did not abandon their connection with the working masses. For their presence in the Ministry was desired above all because they could influence the workers. Thus, confusion, corruption, and helplessness were spread into the working class In contrast to ministerialism there was growing disappointment with parliamentarism, dissatisfaction, and political skepticism. French syndicalism grew from this soil. Meanwhile, the number of socialist agitators who, as ministers with or without portfolio-ministers of yesterday, of today, of tomorrow-incoming and outgoing ministers, were causing trouble in Paris, grew. They increasingly acquired a taste for power. Retaining or regaining it became the sole goal of their endeavors. Therefore, they sought to adapt to the government milieu. This is the milieu of the ruling classes, groups, and estates. The socialist ministers made every effort to show that they understood the interests of these circles. It was a formal drill for the former proletarian revolutionaries and general strikers in capitalist state policy. In the area of domestic politics, however, all that was demanded of them was that they use the cheapest possible means to restrain the working masses from pursuing their interests. They understood this business excellently. They fed the workers with phrases, and even if they did not satisfy them,

they nevertheless generated confusion and disunity, thereby paralyzing proletarian action. But in the area of foreign policy, they were viewed with suspicion. They made all the more effort to show that they had a full understanding of both French high finance and Russian imperialism. They formed a brotherhood with the banking cliques and the most notorious stock exchange knights and acquired personal patrons and protectors at the Tsar's court. England's Entente policy fell into this period. This was a godsend for political adventurers and imperialist daredevils. The Triple Alliance deluded itself into the illusion of being able to command Europe. Chauvinism revived in France. The socialist ministers, too, saw a new era emerging that opened up unlimited possibilities for their megalomania On the other hand, they noticed that their activities were viewed with increasing suspicion in working-class circles, that they had exhausted their reserves of authority and prestige, that the time was near when they would lose their influence. There was no turning back for them; therefore, they had no choice but to join in with renewed energy in the imperialist and chauvinistic activities, which soon revived the idea of revenge. Did they want war? Hardly seriously! But they needed the hype of war. France had no clear idea of what would happen. But they saw that the Central Powers were retreating from the threat of war, they saw how the Balkan War was depriving Germany of all its influence in the Orient, and so they continued to fuss. And when the great war came, everything was swept away. This is how things developed in liberal England and republican France, and thus, for the umpteenth time already,it was proven that liberalism and the republic do not protect workers from being exploited and slaughtered in the interests of the ruling cliques. What cannot be achieved through violent measures is achieved through the coercion of necessity, through fraud and treason. There is only one remedy against this: the strengthening of proletarian power, the development of an independent proletarian This brings us to the problems that the war poses for the proletariat.

What next?

We all agree that we want a lasting peace. But that is by no means everything. The war and the political situation it created must be exploited to strengthen the political position of the proletariat. Social Democracy must emerge from the war more united and determined than before. If one looks at the developments within German Social Democracy, however, one gets the opposite impression. The old sloppiness has remained; there is a lack of ideas, disunity, and internal contradictions, so that the unity of the party itself appears threatened. The indecision it showed during peace is still disintegrating it now. When the war came, the seriousness of the situation was recognized for a moment and the vote was taken for military credits. They were also under the hypnosis of the war enthusiasm that had gripped the masses. But since the masses had retreated to the trenches, they began to waver. Ed. Bernstein and K: Kautsky, who in the period following the Anti-Socialist Law best expressed the zigzag course of German Social Democracy through the seesaw of their tactical debates, set about revising the adopted resolution. The question was raised whether the moment had not come to cease military operations. The crux of the matter is that one can no more resolve to wage war than one could have resolved to risk revolution. And it they now advocate peace, they are merely following the inner faintheartedness of their tactics, which leads them to seek a position that would free them from the necessity of bearing political responsibility. For they know very well it's a good thing

that the German Social Democrats are unable to prevent the continuation of the war operations. They simply want the German Social Democrats to demonstrate for peace without preventing the war. If it really depended on them whether peace were concluded immediately, they would think the matter over very carefully and probably would not come to any decision at all. They are merely looking for a loophole through which they could escape the difficulties of the problem. In doing so, they are concerned about maintaining their international authority and believe they can achieve this through empty phrases and political half-measures One reason why people of this stripe want a quick peace is that they want to limit the casualties of war. Previously, they sought to postpone the revolution as much as possible because the greater the proletariat's strength in the revolutionary struggles, the fewer its casualties in the struggle would be. But the result of these delaying tactics was only to embroil them in a capitalist world war that killed hundreds of thousands and maimed millions. If they were to be guided now by similar sentimental reasons, the result would be a state of political unrest and capitalist struggles, which would soon bring about a new world war in a perhaps even more terrible form. We want peace. The sooner, the better. But this desire alone cannot determine our attitude toward the war; only the conditions under which the possibility of making peace presents itself can be decisive. If these conditions are acceptable, then fine; if not, the war must continue, and then it is our task to inspire the masses and not discourage them. It is folly to present the very general, abstract idea of peace as a remedy in the midst of this tremendous international struggle. Who does not know that we want peace? Is there even a person in Germany or in the other countries who does not want peace-with the exception perhaps of those who instigated the war and the shy away from taking responsibility for their terrible guilt? So, what do they want with these empty phrases? Show us how we could achieve peace , show us a viable path to resolve the difficulties—that is what it is all about. The proletariat must hold fast to one thing: that after the war it will promote the free development of every nation in economics, trade and commerce, in politics and culture, regardless of whether the nation is large or small, whether it has separated itself as a state or lives with others in the same state, just as it did before the war. But this does not apply to the Germans alone; it applies to everyone: alongside the Germans, the French, the English, the Belgians, the Russians, etc., must also adopt the same standpoint. Only in this way is harmonious cooperation and the safeguarding of peace possible. The main thing remains that the proletariat asserts itself in each individual country and pursues an independent policy. The war has wrought horrific destruction and posed enormous problems. A return to the situation as it existed before the war is not enough and is no longer possible. For the war itself has changed conditions more than many years of peaceful development could have done. This is not understood by those who see the solution to all difficulties simply in all sides laying down their arms. They would like to let the war be undone. They would like to wake up one day and convince themselves that there was no war at all, but the whole thing was a terrible nightmare. But world history takes no notice of soft souls. The most horrific catastrophe of all time has now devastated the civilized world for over a year; the world has become different: there is much to be set up, much to be rebuilt, and we must move forward! These tremendous sacrifices of blood and suffering must not have been in vain; we must move forward! People themselves have changed In the hard life of war, with death before their eyes every day, separated from domesticity, from the bonds of family, in the loyal association of men, each of whom knew that the fate of all which are of fundamental importance for the fate of the working class as well as

for the development of culture. These are above all: 1. The eight-hour day in industry, 2. The transformation of the elementary school into a genuine public educational institution. The fulfillment of these demands is, incidentally, also the basic condition of a sensible state policy; for in this way the colossal loss of popular strength caused by the war can be mostodid selman soda be ocracy succeed in setting an example in this direction, it would thereby shift the interests of the peoples from the national to the social sphere, instill new courage in the proletarians of all countries, and effectively promote the international cooperation of the proletariat. We do not want to return to our former powerlessness. We want to become a power. This, the powerful position of the proletariat in every state and its world unification while sateguarding the interests of every individual nation, is also the only guarantee of lasting peace -- Parvus :[^1] In "L'Humanité" of June 22, 1915, E. Vandervelde says in his reply to Scheidemann: "I am not even sure, I disappoint you, that Germany your Germany, is ready for the Republie.". Aftewthis stylistic test, it would be interesting to learn what E. Vandervelde now thinks about whether Russia is ready for the Republic. In September 1914, E. Vandervelde addressed a letter to the Russian socialists in which he urgently pointed out to them that the democratically governed states needed Russia's military assistance. Under the given circumstances, this warning could only have a purpose if it were to induce the Russian revolutionaries to to abandon their fight against Tsarism during the war. Even before the war, the Tsarist government had granted E. Vandervelde a favor that is unique in : Russian political history: he, the foreigner and socialist leader, was : allowed to hold discussions in Petersburg with the Russian Social Democratic Party representatives to bring about party unification. Apparently, even then, Russian government circles were counting not on the socialist and revolutionary Vandervelde, but on the future minister, and they believed even then that Belgium had to be treated as an ally. Incidentally, this also contributed to Belgium's neutrality! :[^2] The extent of this discontent can perhaps best be seen from the well-known letter from the later Prussian Finance Minister Miquel to K. Marx. One can hardly go wrong if one notes the sharp emphasis on the state idea in The Communist Manifesto is also attributed to the influence of German conditions. For France had already undergone Proudhonism at that time. K. Marx's overcoming of Proudhon was based on the centralist idea of the state, which was given a revolutionary character by the class separation and class solidarity of the proletariat. After the Paris Commune. Marx somewhat modified his ideas about the state. He found that the proletariat could not take over the ready-made state machinery. The changes he foresaw, however, consisted only in the democratization of the state and the greater independence of the communes. Later, the great vulgarizer of Marx's ideas, Friedrich Engels, following Morgan's research, portrayed the state as a simple machine of oppression. K. Kautsky, who throughout his life spread a diluted version of Engels's vulgarizations as Marxism, then further simplified this Engelsian idea and brought it to the masses. The limited development of anarchism in Germany is also partly due to the popularity of the state idea among the German people. Nor is it certainly a coincidence that the German Social Democrats have always been the spokesperson in the fight against anarchist tendencies and that it was primarily under their influence that anarchists were banned from international socialist congresses. That is why, apart from the German Kaiser, no one is hated more by the anarchists than the German Social Democrats. :[^3] I first opposed this in my 1896 work "The Trade Unions and Social Democracy." :[^4] Around this time, K. Kautsky formulated his theory of chronic overproduction,

thereby proving that he lacked the most basic prerequisites for understanding the development of industry and the capitalist world market. :[^5] The scheme of capitalist development established by K. Marx proved to be an excellent guide for countries in which capitalist industry was just beginning to make its entrance. Therefore, Marxism became the preparatory schoolfor bourgeois statesmen, first in Romania, Bulgaria, and Serbia, and then in Russia. The French and English found in Marx only new formulas for already known facts. Their interest was therefore less. In addition, Marx's main work is written in a way that makes it inaccessible to the masses. In his work "K. Marx's Economic Teachings," K. Kautsky believed he could improve on Marx by paraphrasing him. He took the ideas from Marx, the style from Kautsky, and reduced the whole to, a size that best suited the public education needs of the publisher J. H.W. Dietz. In the process, juice and power were lost. He made matzah out of Marx's leaven. The difficulties of Marx's main work do not lie in the fact that Marx did not know how to write clear German. He was one of the best German stylists. The difficulties lie, first, in the tremendous condensation of ideas, and second, in the structure of the work. Marx began, as is well known, with his "Critique of Political Economy." This was a critique of theories, of views, from which a critique of capitalist conditions emerged. In the course of the work, the latter becomes Marx's main purpose. He now decides to give an account of capitalist conditions, from which he rejects and rebukes the theories of political economy. The procedure is thus reversed; at the same time, Marx embarks on a new field of research: the facts of industrial development and capital formation, technology, conditions in factories. In addition to political-economic systemizations, he now uses histories of trade and the English Blue Books. This is "Capital," Volume 1. However, since he still keeps the critique of political economy in mind, as the starting point of his presentation, like classical political economy the exchange process. He provides an analysis of the commodity from which, via the law of value, at production and the social relations behind it value itself remains unproven. For this does not arise from exchange, but of production; it is a social relationship and must first break through millions of disturbances in the commodity trade, whereby the law itself appears as a disturbance It becomes all the more sharply apparent the more capitalist production is fully developed and the equalization of production, trade, and credit conditions the standardization of prices and wages, limit the arbitrary in the exchange process (Fr. Engels believed, conversely, to have observed the purest effect of the law of value at the time of the handicrafts industry). This wasia misunderstanding of. the very essence of the law of value, as Marx conceives it. I exposedthis error in 1896 in Die Neue-Zeit. I pointed out the social character of the problem as early as 1892, i.e., several years before the publication of the third volume of "Capital," in my articles against Böhm-Bawerke also in Die Neue Zeit. K Marx derives the law of value conceptually, this derivation is speculative and arbitrary. We know that production is: based on social laborbut wexcannot see from commodities that the relationship of the socially necessary labortime contained in them asserts itselfin their exchange. Instead of clarying above all, the social relations of production from which the conditions of commodity arise, Marx undertakes to unravel the tangle into which social relations have become intertwinedlin the commodity, where all corners and ends have already been covered up and the memory ofeven thersocial origin has been erased. The presentation is therefore abstract and complicated and fails to evoke in the layperson the liberating feeling of clear insight. As abstract and speculative as Marx's discussion of the law of value is, his further presentation is just as lively and even dramatic, despite the brittle material Workers and the factory owner appear as

acting individuals to clarify the mutual position of the wage-earning and capitalist classes within social production. From then on, however, the investigation splits. One path pursues the fate of the working class, the other the movement and transformations-of capital. With this, Marx enters a third area of research: previously he discussed the relationships between wage-earning and capitalist within individual enterprises; now (Volumes II and III of Capital) he deals with the relationships between capitalists. His literary sources from now on are stock exchange and commercial reports, bank statements, and so on. Political economy ceases almost entirely. The personal aspect of the portrayal is lost. The foreground comes the larger capitalist context, which submits to and guides the will of the individual. It is no longer a drama, but a tragedy. dominated by a merciless fate Only now does it fully become clear that capitalism is not a malicious Invention, allarge scale fraud, but a system ot production and exchange, along with a corresponding property order, which arises from the entire historical development of society and must be overcome by it. The actors now reappear, but their number has increased and they have partly changed their form. First, the wage laborer was simply contrasted with the capitalist; now it is the wage laborer, the entrepreneur, the financier, the merchant, the landowner. At this point, the work breaks off, as Marx's life thread has been severed. The theory of competition envisioned by Marx is missing i.e., the presentation of how classes, groups, and individuals within the social structure provided by capitalism struggle among one another for acquisition and economic power. Because this conclusion is missing, a fatalistic streak runs through the work, which caused much harm in people's minds. It is as if, instead of entering the house through the open door, Marx were leading one over the roof and through the chimney. Once one has overcome the narrow and dark passage of Marx's exposition of the law of value, one arrives at bright, wide rooms. However, having climbed over the chimney, one has brought with one the wrong perspective, and the house appears upside down. If Marx had taken production with its social relations as his basis, the system could be constructed easily and freely, and one-sidednesses that now cloud his scientific investigation would have been avoided. Thus, he narrows capitalist development far too much to industrialism, and industrialism to mechanism, which in turn is very one-sidedly understood merely as a labor-saving method The introduction of new production processes and new industries, the differentiation and enrichment of consumption and, with it, the market, the repercussions of consumption on production in general, the manifold effects of world trade, the expansion of the consumer circle through the economic rise of larger social classes, the expansion of production through the development of culture, the role of the state and the communes in the development of social production and in the mechanics of the capitalist accumulation and distribution process- All of this is given little or almost no consideration in Marx's main work. In this respect, Capital lags significantly behind the "Communist Manifesto." :[^6] The extent to which pure revolutionism, which focused everything on the imminent general battle, made the Social Democratic Party leadership conservative and indecisive on all questions that went beyond party traditions, was perhaps best seen in its relationship to the development of the daily press. First, it wanted to restrict the development of the provincial press in order to implement tighter centralization. Second, it saw a danger in the workers' press striving to achieve the type of modern daily newspapers instead of preserving its character as a purely agitational sheet. Third, it regarded the acquisition of its own printing presses, which laid the foundation for a proper newspaper operation, as a risky adventure. This ban was broken by Dr. Bruno Schönlank, who placed the Leipzig Social

Democratic Party paper on a modern basis. The Dresdeners followed the Leipzigers on my initiative. When, on behalf of the Dresden party organizations, I approached the party association in Berlin for support for our venture, we were not granted a single penny All I brought back from Berlin was my friend Dr. B.'s promise to acquire shares for 5,000 marks, and a promise from Dr. Z. for 1,000 marks. The latter was withdrawn a day later, after a sharp article against E. Bernstein appeared in the newspaper I edited. The unions provided the money needed to organize the newspaper's operations in abundance. :[^7] As early as 1895, in articles in the "Neue Zeit," which later appeared a a separate pamphlet, I spoke out against the revolutionary flattery based on Engels emphasized the importance of the mass strike, and revealed the political connection of the revolutionary struggles. :[^8] I was never a pacifist. In particular, I considered a conflict between German Social Democracy and Russian Tsarism inevitable. It was dead certain to me that in the event of a German revolution, the Tsarist armies would cross the German border. I know very well that in such a case, the German workers would have the sympathy of the entire, socialist world on their side. It may be that, as a result, Russia would then remain isolated in its struggle against Germany; but I am by no means certain of that. The martial enthusiasm of the German army would necessarily be even greater than it is at present. But even if victories cannot be achieved without enthusiasm, enthusiasm alone is not sufficient to win battles and conduct a modern campaign. This requires a great deal of expertise organization, leadership, campaign planning -in short, the officer corps and the General Staff. Therefore. I believe it is better that the military confrontation with Russia takes place now under the leadership of the German General Staff than if it had to be undertaken by the revolutionary army without — a General Staff. But even apart from that, I had been agitating for war against Russia for many years, because I considered a military defeat of Russia to be the best precondition for the Russian Revolution: When the construction of the Trans-Siberian and Central Asian railways exacerbated relations between Russia and England, I advocated an alliance between Germany and England to defeat Russia. In the Russo-Japanese War, I sided with Japan. This, of course, was not because | was impressed by capitalist modernized Japan, nor for reasons of justice, for Japan had just as little right to Korea and Manchuria as Russia did. It was because I foresaw the Russian defeat and recognized in it the preparatory work for the revolution. At that time, this position was shared by the Russian Social Democrats, as well as by all Russian revolutionaries. This has changed now, as the Russian intelligentsia has allowed itself to be influenced by the patriotism of the Russian bourgeoisie. :[^9] It was perhaps the greatest mistake of German diplomacy since Bismarck's removal that, while the Reich was preparing militarily for a struggle for world domination and German world trade was creating envious people and rivals in every corner of the globe, it believed it could remain good friends with the whole world-with England, France; and Russia. The decisive factorsh in world politics were the great ocean power England and the great continental power Russia. Germany had to side with either one or the other if it did not want both against it. But since Russia was facing political and military bankruptcy as a result of its outdated political system, it was advisable for this reason alone to align itself only with England It was Russia's fiasco in the Japanese War that plunged it into England's arms. :[^10] If the German Social Democracy had failed to bring about a revolution, the Austrian Social Democracy had cheated itself out of a revolution. :[^11] In 1900, in the presence of some party friends, I had a lengthy discussion with Jaurès on the question of participation in the ministry. He regarded Millerand's entry as a provisional measure,

conditioned by the special circumstances of the political moment and falling away with them. I replied that these special circumstances were indeed necessary to enable a Socialist to enter the ministry, but that once the transition was complete there would be no lack of pretexts to repeatedly justify the necessity of Socialist ministerial participation. Around the same time, the French Socialists conducted an international inquiry into the Dreyfuss affair and the question of ministerial participation. In my reply, I took the view that one must take a decisive stance against the General Staff, exploit the matter for agitation, but be careful not to assume responsibility for government policy, and under no circumstances should one enter the ministry.

Parvus, (Die Soziale Bilanz des Kriegs, 1917).

Holdings: Die soziale Bilanz des Krieges.

Parvus (My Answer to Kerenski & Co., 1917)

Title: My Answer to Kerenski & Co.

Date: August 9, 1917

Author: Parvus, 1867-1924.

Publisher: Berlin, Verlag für Sozialwissenschaft g.m.b.h., 1917

The Petersburg Telegraph Agency is spreading the news that the Russian Provisional Government has formally filed charges against me. I do not know what they are accusing me of. The charges do not seem to differ much from the one for which the Tsarist government threw me into the Peter and Paul Fortress in 1906: an attempt to overthrow state power by armed force. My crime seems so monstrous to the representatives of justice and democracy, freedom and humanity in Russia, that the mere possibility of a personal meeting with me or of receiving support from me would be enough for them to condemn the person in question, even to hang him. For these revolutionaries, who have so far found no judge for the bandits of the Tsarist regime and who abolished the death penalty to save their lives, have already filled the prisons with freedom fighters, restored the system of informers and spies, and are murdering worse than the Tsar's henchmen. I have supported the Russian revolutionary movement, insofar as it was socialist, with all the means at my disposal throughout my life, and I will continue to do so. You fools, why do you care if I gave Lenin money? Lenin and the others you name never asked for or received any money from me, either as a gift or a loan. But I gave them and many others worse than money or dynamite. I am among those who spiritually nourished the revolutionary will of the Russian proletariat, which you now want to eradicate but cannot. After all, it was Dan-Gurevich, who now, with Tsereteli, is playing the executioner of Russia behind the back of the unfortunate and half-mad fool Kerensky, who accused me in 1906 of having determined the tactics of Russian Social Democracy during those revolutionary days. And Miliukoff, the purposeful and exceedingly astute political pioneer of Russian capitalism and imperialism, who now flatters Kerensky and his puppet masters, couldn't find enough words of criticism for the Russian Social Democracy, which had allowed itself to be seduced by me into its revolutionary tactics. For the Russian bourgeoisie would rather allow the bloodiest defeats to be brought about and the destruction of the empire than tolerate the political rule of the socialist working class. You don't see this because you don't want to. Or do you believe that these people are serious about their fear of Prussian reaction? But surely they would prefer a semi-reactionary regime to a far-reaching democracy. If the Russian banking world, notoriously composed of gamblers, adventurers, and escaped convicts, the Russian industrialists, and the Russian agrarians were certain that Prussia would protect them from Social Democracy and ensure the security of their capital and land holdings, they would immediately and without hesitation, if only they had the power, conclude peace with Germany, paying no more attention to the treaties with the Entente than to the ideological phrases with which they are now entangling you fools. But they know that a peace concluded now would mean the collapse of imperialism in Russia as in the entire world, and therefore they do not want peace. They know that if they conclude peace

before the revolutionary power of the proletariat has been broken, the land question would absolutely have to be resolved in the interests of the masses, and therefore they do not want peace. But their authority is no longer sufficient to continue the war, for the Russian people's longing for peace has destroyed Tsarism, which is why they are now using you as an excuse. You have given yourselves up to this, traitors to the revolution, to socialism, to the freedom struggle of the Russian people. For what you are doing is not your own tiny personalities, but the authority of the Russian Revolution. This authority has accumulated over a century; it is soaked in the blood of the noblest spirits of the Russian people, glowing with their boldest thinking. So great and radiant is this halo that surrounds you that one does not notice the political monkey business you whiners are performing. When the Tsar and his Klevrets claimed they were waging a freedom struggle against Prussian reaction, the lie was obvious; people believe you, and yet you lie even more than they. For if it was wrong at the beginning of the war to see only the Prussian spiked helmet in Germany and to ignore German Social Democracy, industry, science, literature, and social policy, one must be more than blinded not to perceive that the war, like Russia country, has also revolutionized Germany, that Germany is facing a tremendous transformation in political, economic, and social terms, and that only the war itself now hinders the democratization of Germany, Russia, and all of Europe; one must nevertheless admit that the German people have clearly enough expressed their desire for a peace without annexations and contributions, that is, without discrimination against others, and, after learning of the secret treaties of the Entente, one would be shamelessly lying if one wanted to deny that the plans for conquest were forged on that side. If you were serious about the program of peace without annexations and contributions, which you put forward under pressure from the people, you would have to advocate for immediate peace. But if you now accept the Entente's plans to bring about military victory, you will contradict your own peace formula. Your dispute over the Entente's peace goals, your attempts to commit them to your peace formula, are miserable squabbles as long as you support the Entente's offensive with the Russian army masses. For, if your allies should gain military superiority, you will not be able to prevent them from exploiting this superiority politically and economically. One cannot be so stupid as not to see this. Therefore, you are lying! Intoxicated and at the same time frightened by the abundance of power that fell into your lap, you are acting like tyrants. While the task given to you by the revolution was to democratize the country, you have merely assumed the omnipotence of the Tsar himself and ruled as before. The masters have changed, the rule has remained. The words have changed, the content has remained. The old formula of divine right has been replaced by the new formula of revolution. And the revolution itself has thereby become a mere phantom. And the more you do this, the more you fear for your power and the more despotic your policies become. Weren't the workers of Petrograd, in alliance with the army, the ones who overthrew the old regime? And how do you rule Petrograd now? Through a state of siege, through Cossack rule! You brought Petrograd down with the help of reactionary regiments you gathered from the provinces. Do you really believe you can promote or secure the revolution if you yourselves tear down the foundations of the revolution? You inherited from the revolutionary struggles of 1905 the demand to convene the Constituent Assembly. But you are delaying this convocation, first for formalistic reasons, then for no reason at all. Why? I'll tell you, you hypocrites and scoundrels! This is happening because the Constituent Assembly would decide on peace, while the only thing holding you back is war. You are thwarting the solution to the land

question by delaying the convening of the Constituent Assembly. You are either cheating or allowing yourselves to be cheated. For that is, after all, the desire of the landowners. They think: time gained is everything gained; the more the revolution disintegrates, the easier it will be for us to deal with the peasants. Meanwhile, by continuing the war, you are accumulating the national debt. This will increase taxes, which the peasant, in particular, will have to pay. The peasant dreams of increasing his land and does not realize that, in the meantime, due to the enormous increase in the national debt caused by the war, all of Russia's land has been mortgaged to the English, French, and Americans. As was the case with the abolition of serfdom, the peasant will now have to pay "ransom money." The ransom money that the Russian peasant will have to pay in the form of taxes for his land far exceeds the highest selling price of this land in the pre-war period. And you are increasing these burdens by continuing the war. Thus, you have detached yourselves from everything that constituted the essence and power of the revolution; a deep gulf is opening between you and the proletariat, between you and the masses of the people, and your only hope is: Kornilov and the gallows! Instead of peace, new mass sacrifices; instead of taxes on the land; instead of democracy, autocracy! Autocracy! Instead of one tsar, several small ones! But when it is pointed out to you, you whine about the downfall of the revolution and the empire. You are so filled with the consciousness of the importance of your insignificance that you confuse the fate of the empire with your own little ambitions. Yesterday's traitors, you now sniff out high treason and treason everywhere and suspect the personal motives of your opponents. You have unleashed a spy sniffing operation and created an atmosphere of suspicion and denunciation that are worse than in the first days of the war. Meanwhile, for five months you have not found the time to bring the documents of tsarist corruption to public discussion. You do not do this, although you should be aware that the best moral support for the revolution lies in exposing tsarist corruption. Or are you perhaps held back from doing so by the same considerations that held you back from publishing the secret diplomatic documents: namely, that the French and English imperialists allied with you might be exposed in the process? While you are searching for German money and branding any merchant who acquires German goods a political criminal, you do not notice, or do not want to notice, how English, French, and American money is corrupting the state, enslaving the Reich economically and subjugating it politically. After the outbreak of the revolution, the English government is said to have approved a credit of 800 million francs for war propaganda in Russia. Why don't you ask your friend Lloyd George what happened to the money? Have him show you receipts. Just ask him what the political agitation in Russia cost him? You yourselves have seized the state coffers and are spending the money on things whose political expediency still needs to be proven. The tsarist regime, after all, had a budget that had to be examined and approved. Where is your state budget? Where is the body that approves your individual items, to which you are accountable? You draw on the lavish resources, throw the money out the window with both hands, and that's the end of it. No one would say anything if these were the first days of the revolution. But the matter has already dragged on for five months and will drag on even longer. Because you keep postponing the convening of the Constituent Assembly. You issue loans, bind the Reich for eternity, grant concessions, mortgage or sell entire territories without a popular representative to take a stand on them. Not even the Tsar allowed himself that! Germany, with its Reichstag and its Social Democrats, didn't seem democratic enough to you; you didn't even want to sit at the negotiating table with the German government; it was far

too Prussian for you. You portrayed yourselves as world saviors and liberators. But the political conditions you created in Russia differ from those in Prussia only in confusion and arbitrariness, the omnipotence of the government, the lack of any democratic control, the satrapy, and the unscrupulousness of political practices. You see, I knew it could come to this because I participated in the Russian Revolution of 1905 as a German Social Democrat. I highly value the revolutionary energy and intellectual impetus of the Russian proletariat, but I also know that, compared to the German working class, with its widespread yet centralized trade union and political organizations, developed through decades of tenacious, painstaking work, this Russian proletariat represents only a loose mass, little trained in the class struggle. It is capable of sacrificing itself for a political cause, but lacks the moral courage, insight, or political determination to take the fate of the Reich into its own hands. It therefore allows itself to be led by the revolutionary intelligentsia that surrounds it. I knew and know that this revolutionary intelligentsia, which had been eliminated by the Russian bourgeoisie in its class struggle, had become revolutionary not for socialist reasons, but for revolutionary reasons. That is, that socialism, to which it is inwardly alien, in its entire individualistic way of thinking and feeling, was necessary for it to gain ties with the workers. Therefore, even before the revolution of 1905, I predicted the defection of the Russian intelligentsia from the socialist working class at the moment the revolutionary goal, the overthrow of the tsarist government, was achieved. This already occurred in 1906. The transition was not smooth, and for some it was quite difficult, but it proceeded inexorably. When the war came, the remnants of the Russian intelligentsia, with their intellectual leaders at the forefront, swarmed over to the camp of bourgeois imperialism. What happened during the revolution? It was fought for by the workers and the army: by the former out of their socialist convictions, by the latter because they despaired of victory and blamed the tsarist regime for the defeats. Thus, in the army, there was a nationalist ideology that had transformed into revolutionary ideology. ism. Now the bourgeois intellectuals, entrusted with government power by the workers' and soldiers' councils, attempted to bring nationalism out of the army's revolutionary spirit. Given the enormous increase in political self-confidence that the revolution had brought with it, they partially succeeded, but they encountered the conscious resistance of the socialist proletariat, especially in Petrograd. At first they hesitated, allowing themselves to be pushed step by step, but finally, carried away by the applause of the bourgeoisie, encouraged and whipped up by their allies, and deceived by their own army leadership, they plunged onto the offensive. The consequences were civil war and new defeats. This is the work of Kerensky. He ultimately did what Miliukoff, whom he first fought, wanted. But Miliukoff has a clear political goal, and Kerensky does not. Miliukoff wanted Constantinople, meaning he wanted the Entente to fight for Russian war aims. Kerensky renounced Russian conquests, meaning he led the Russian armies to fight for the Entente. Miliukoff is a clear-headed man who knows what he wants from his own perspective, whereas Kerensky is a confused enthusiast. Therein lies his agitational strength and his political weakness. In Russia, fools who spoke tongues have often played a role at court and among the people. They called them "Yurodiwiy." Kerensky is such a political half-fool, who speaks in tongues. The revelation that speaks from him is the interest of the imperialist bourgeoisie. But what is now taking place in Russia is historical proof of the correctness of the tactics adopted by the German Social Democracy in the war. Two considerations had to be taken into account in our decision: 1. the danger of tsarism, 2. the possibility of a democratization of Russia. One stood against the other.

That a victory of the tsarist armies would be a tremendous danger to democracy and socialism, was admitted even by the most determined minds among Russian socialists, such as Lenin, Martoff, and Trotsky. They wanted the defeat of tsarist Russia. But they shied away from the consequence that this defeat could only be brought about by the military resistance of Germany or the Central Powers. For me, who for a generation stood on the foundation of German Social Democracy, the intellectual inhibitions that held my Russian party friends back from drawing the ultimate conclusions from their point of view did not exist. But the more they had to admit to themselves that I was logically right, the more they strove to construct an outward opposition between me and them, resorting to the most dreary principled zeal, intertwined with the most absurd insults. This was impossible to do otherwise and is one of those things of which Dante says: "Be silent and pass by!" Now, if even the Russian side told the German Social Democrats that the defeat of the Russian armies was necessary, the German Social Democrats evidently had no choice but to support their own armies. Other Russian sides, Plekhanov and others, said otherwise. They promised us, in the event of a victory of the tsarist armies, the democratization of Russia, and we, too, would then be enlightened and blessed by this Russian democracy. That was also the formula with which the French and English socialists, democrats, and liberals sought to whitewash their alliance with the Tsar. It was self-deception at best. In the event of an Entente victory, the Tsar would certainly have to share his power with the powerfully rising capitalist class, but the consequence would not be democracy, but imperialism and a Russian national liberalism, which would further strengthen Russia's armies and leave its mark on all of Europe. That would be a greater threat to democracy and socialism than if Tsarism had emerged victorious in the struggle with the bourgeoisie. Then the Russians came along again and said: revolution! The words sounded good, and some in our ranks were seduced by them. Now we have the Russian Revolution, and we see that it follows its own laws, that it is undergoing a development that, both in its beginning and in its outcome, is strongly influenced by military events. If Kerensky's offensive were successful, patriotism would revive in Russia, thereby giving the bourgeois elements more prominence, they would resume their political plans, Miliukoff would reappear, and soon the Russian bourgeoisie would have the straw man Kerensky and his accomplices, whom it had to use for a time, at side and take matters into their own hands. But the Russian armies have suffered another defeat, and so the Russian Revolution is taking a different course. The victories of the German armies created the Russian Revolution, and it still needs military support. The more complete Russia's military defeat, the greater the democratic effects of the Russian Revolution will be. On the contrary, every military success of Russia or the Entente leads to a political setback; the power of the central government immediately increases, freedom is restricted, the rights of nations are curtailed, the masses are repressed, and the propertied classes rise. These are the facts revealing themselves before us. Now we have historical proof that we would have plunged the empire and democracy of Europe into the abyss if we had followed the advice of Karl Liebknecht and the Russian revolutionaries and tried to fight the Russian armies not with armed force, but by unleashing a revolution in our own country. I am certain that the revolutionary movement in Russia will soon grow so strong that it will establish peace. Kerensky and his band of fools, by reviving the repressive instruments of the tsarist system, will be unable to hold their own against the tide. If they tumble back down the level of power to which events have carried them, one will be amazed at how tiny and foolish they are. But with every storm, the shallowest dirt floats to

the surface. If revolutionary Russia succeeds in bringing about a general peace, it will strengthen itself and the democracy of Europe immensely. We, too, want a general peace. Anyone who claims otherwise is a shameful liar. We want peace for our own sake, because the war has cost us so many victims and has paralyzed our economic activity and our cultural life for three years already. That is why peace on one front is of little use to us if the war continues on the others. We want the restoration of peaceful activity, trade, and commerce throughout the world. For without it, we cannot exist. But it would be folly and a crime if we were to reject a single offer of peace for that reason. We will accept peace, wherever it comes from, as long as it is sincerely meant. We do not ask what happened before the war or during the war, whether we were wronged, whether someone wanted to destroy us. Whoever now wants peace under honorable conditions, without discrimination on either side, can have it from us. The same principles will have to be adopted in Russia as well. For they are just. And an injustice is not made better by committing it not for oneself but for one's allies. The world needs peace and Russia needs it; no special considerations must prevent it. The greatest danger to the revolution now is war. For the Russian people want peace above all else. Nothing is more foolish than the attempt by Russia's current rulers to discredit the idea of peace by pointing to the alleged desires of the old regime to conclude a separate peace. This only proves that even the Tsar and his entourage had finally realized that they had to yield to the people's desire for peace. For them, of course, it was already too late. But if anything can make a counterrevolutionary movement in Russia even more popular, it is the idea of peace. Whoever, whether a revolutionary mass, a general at the head of an army, or a reactionary conspiracy, overthrows the government and brings peace to the country thereby gains tremendous support among the people. That is the danger that threatens the Russian Revolution. Therefore, in closing, I accuse Kerensky, his masterminds, and his followers of having betrayed the interests of the revolutionary proletariat and, through their indecision on the question of peace, are playing into the hands of the anti-revolutionary movement! Peace—that is now the only revolutionary solution. General peace immediately, or first a special peace, then general peace. Peace above all! Berlin, August 9, 1917. Parvus.

Subscription invitation for DIE GLOCKE, Socialist Weekly. Publisher: Parvus. Editor: Konrad Haenisch. Permanent contributors: Heinrich Cunow, Wilhelm Jansson, Dr. Paul Lensch. Each issue costs 30 pfennigs. Quarterly subscription price: 3.50 marks. "Die Glocke" has become recognized as the leading political organ of the German Social Democratic movement. It is indispensable for every politician. Trial issues are free. Order at the post office, at Your bookseller or directly from the Verlag für Sozialwissenschaft G. m. b. H. Berlin SW. 68, Lindenstraße 114

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Parvus (From the Outside; periodical issues of articles and notes by Parvus, 1918)

Izvne; periodicheskie vypuski statei i zametok Parvusa. Obzor sobytii v Rossii i na Zapade; dokumenty i mneniia.

From the outside; periodic issues of articles and Notes by Parvus. Review of events in Russia and the West; document and opinion.

Tuesday, January 22nd 1918

Periodical issues of articles and notes by Parvus.

Review of events in Russia and the West. Documents and opinions.

Editorial office and office: Stockholm, Nybrogatan 16.

Allm. tel. 287 41. Rix tel. 71042.

Editor: ELIS JANSSON.

PROGRESS Printing House, Stockholm 1918.

PARVUS.

Letters to the Russian worker.

First letter.

The working class has become the state power in Russia. Workers and peasants rule the country. "In reality, say people familiar with science, it should be different: the time has not yet come for workers to rule in Russia, in Russia they are destined by history not to rule, and slavery is reserved for the Milyukovs and Rodziankos, for the Rasplyuyevs and the Balakirevs, and you are going there with your boots and spoiling the air in the palace chambers."

There are indeed many absurdities. Take this: in all positions of power, ministerial, gubernatorial, etc., workers are now compasses, and at the same time workers must bake work for themselves in factories, plants, otherwise they will die of hunger. On the one hand, the

powers that be, on the other, freedom to die of hunger here, obviously something is wrong. Or: can a foreman scold a worker when this worker, perhaps, will be a compass tomorrow, and if he cannot, then how can he justify himself to the boss? Further: how can a manufacturer take orders when he does not know whether he will have to double the workers' wages tomorrow? Finally: if personal incomes are limited, will millionaires be able to increase their millions, and will they not suffer from this arithmetic?

How Then? How can workers retain state power for themselves? And if they do not retain it, then how can they use it to better protect their interests?

And I will give you an answer to these questions. I have given this and the niche of my letter to Russian workers. My answer will be based on the practice of the Western European labor movement in relation to the special social conditions of Russia.

My point of view differs greatly from what is commonly called Bolshevism in Russia. Bolshevism places the proletarian revolution at the center of everything. For me, the starting point is socialism, i.e., a social reorganization based on the results achieved by capitalism, in which production relations are freed from the freedom of private entrepreneurs and placed under public control. Then comes the class action of the proletariat as the political driving force of socialism, and thirdly, revolution as one of the methods, but by no means the only method of struggle.

Therefore, for me, for example, the development and strengthening of class workers' organizations, the apparatus and political organs of their self-consciousness are more important than revolutionary actions, the united class action of the proletariat are more important than a revolutionary program. There have been revolutions, socialist programs have been written more than once. But if the proletarians have remained in the last count of politics, if the social order was thrown back by political events, if it was deceived and fell under the old political yoke, then this happened because it was not yet strong enough as a class, had not sufficiently developed its organizations, had not yet developed those state organs with the help of which it could retain power.

That is why, in my opinion, from the point of view of the implementation of socialism, Germany should come first, since here, with a very high level of industrial development, the workers have achieved the highest degree of development of their political and economic organization and all forms of class self-activity of the proletariat. Then comes England, complete with its trade unions, but with a weak class policy of the proletariat. France is far behind them, despite its republican form of government.

In Russia there is also a republic now and the most democratic electoral law. However, after all, these are still only democratic forms, they must be given content, they must be filled with life. The workers and peasants must show that they know how to act under these democratic forms, that they know how to use them.

China is also a republic, but this does not make China far ahead of European countries.

I say this because in Russia after the coup there was a mood as if God knows what had been done and the whole world had outdone it.

I will not go into detail about how it happened that the autocracy fell in Russia and the masses became a political force. My opinion is that the Prussian guns played a greater role in this than the Bolshevik leaflets. I think in particular that the Russian emigration would still be wandering abroad and frying in its own juice if the German regiments had not advanced to the Vistula. But be that as it may, your main delusion is that everything changed at once with the revolution, No, the revolution only opened up the possibility of changing a lot, but until this is achieved, a lot of time will pass and a lot of work and knowledge will need to be put in.

Have mercy, just now there was barbarity and torture, beatings and rudeness, Rasputin reigned, and then suddenly: saviors of the world, the flower of civilizations, an example and instruction to all nations, and European social democracy and liberalism. All this has been surpassed, immediately, in one fell swoop, they have become above everyone else, they have thrown shanks at everyone, Europe is simply amazed that Europe stands and listens to commands!

We were previously confused about three trees, but now all the questions have been resolved at once.

After all, if you listen to your smart guys, the entire Western European labor movement still turns out to be a complete misunderstanding, and German social democracy in particular has no choice but to repent of its sins and quickly plant Bolshevism in its midst.

This kind of daring point of view, ignorant disregard for the work of thought, for the political life of civilized peoples, may prove disastrous in your future political activity.

Revolution is, of course, a great force. However, look, up to now the Russian revolution has lost much more than it has gained. At the beginning it had enormous authority both in the question of the plague and in the question of the democratization of Europe. If in March the revolutionary Russian government had begun peace negotiations with the same zeal as now, then not only would the peace terms given to Russia have been more favorable, but by now a general peace would have been concluded. You will say that the bourgeoisie of the veins is to blame for this. True, but they also had revolutionary valus. They also thought that revolution would immediately change everything and turn defeats into victories.

That is why they climbed into Napoleon, to the disgrace of the whole world, and in Russia they caused irreparable damage. In political terms, it must be acknowledged that in the West, faith in revolution has been seriously shaken by the experience of the Russian revolution. The political chaos that has characterized the revolution in Russia so far does not appeal to the Western European workers. Here, one sees in revolution a transition to socialism, and therefore an organizational beginning.10.

The transfer of power to the Soviets of Workers' and Workers' Deputies will raise the hopes of the European proletariat. Because we all know that this is a government of the working masses. But on the basis of what has happened so far, the workers are watching with greater caution and are eager to see what is happening in Russia. Remember that the grave mistake you make will have a disastrous effect on the revolutionary movement of the European proletariat.

Seek direct and possible contact with class workers' organizations in the West. Direct and organized relations are needed between socialist parties, trade unions, workers' cooperatives, etc. Do not listen to the aguns who portray Western European workers as backward, faint-hearted, allowing themselves to be deceived by their own elected representatives: if it were not for the persistent and real class struggle of the Western European proletariat, where would you now have ideas, demands, hopes? Do not believe the flatterers who extol you, who have just been in tsarist slavery and the crudest master's bondage, above the advanced workers of the West, who through a century of struggle have created a workers' organization, a workers' apparatus for workers' politics. The flatterers will be the first to abandon you if your cause fails, and the result of your successes is a repetition of what has already happened more than once; that on your backs a handful of intellectuals will pass into government circles.That is why they climbed into Napoleon, to the disgrace of the whole world, and in Russia they caused irreparable damage. In political terms, it must be acknowledged that in the West, faith in revolution has been seriously shaken by the experience of the Russian revolution. The political chaos that has characterized the revolution in Russia so far does not appeal to the Western European workers. Here, one sees in revolution a transition to socialism, and therefore an organizational beginning.

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Later I will examine the individual questions that are on the agenda. Before that, however, I still consider it necessary to give an explanation of my attitude toward the world war and to answer the accusations with which the libelous press of the whole world has been persecuting me for several years. Anyone who has carefully read our articles during the war knows that the accusations against me of socialist-leaning, German chauvinism, etc., are nothing more than intellectual fornication. But they censured me, but by censorship rules, in Russia very few, and those who read, read with bias. In addition, my personal life, commercial affairs, etc. were hanging in the debates. I know, I had to be convinced that the stifling fog, the wall of poisonous gases was erected by slanderers and slanderers between me and the Russian workers. I stand above this stench, it has not touched me, and I hope to lead my readers to your heights.

Until the next letter.

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Second Letter
German Social Democracy and Peace Negotiations. Necessary amendments.
Stockholm. December 4, 1917.

(This letter was given to citizen Rushes during the settlement, from Stockholm to Petrograd for delivery to the appropriate address, but to this day it has not been published in Russia.)

In No. 183 of Pravda there is a report on my visit to the Stockholm organization of the Bolsheviks in the capacity of an authorized representative of the Presidium of the German Social Democratic Party. The report is inaccurate and gives the reader an incorrect picture of the actions and intentions of the German Social Democrats.

To begin with, I did not come for “negotiations,” but simply brought greetings to the Russian workers in their revolutionary struggle. No one present said a word about the allegedly hostile relations that existed between the Bolsheviks and German Social Democracy. On the contrary, I was completely inoculated with comradely feelings and there were no disagreements in the conversation between us. I reported on the mass meetings that German Social Democracy was organizing to support the peaceful policy of the Russian workers' government, reported the resolution that had been adopted at the meetings and asked whether the Russian comrades would like any insertions into this resolution. The resolution was approved. An insertion was made: they promise them (the Russian workers) energetic support." It was immediately transmitted by me to the presidium in Berlin, and the resolution is now, as Scheidemann informed me, being adopted here with the insertion. Mass meetings took place in Dresden, Elberfeld, Offenbach, Mainz and a number of other cities. In Berlin, a meeting was scheduled at the Busch Circus. There was great enthusiasm everywhere. It is strange to read that this was supposedly the result of some agreement with the Bolshevik organization in Stockholm. After all, everything had already been organized when I arrived in Stockholm.

And German social democracy has been agitating for a democratic peace without annexations and contributions since the very moment when this peace became feasible thanks to the overthrow of the Russian autocracy and the declaration of the Soviet of Workers' and Soldiers' Deputies. For this corresponds to its own view of things, which it expressed repeatedly during the war. The whole world knows that German social democracy did not limit itself to agitation for a democratic peace, that it forced the majority of the Reichstag and the government to recognize this demand, that, furthermore, the movement organized on the basis of peace without annexations and contributions, the introduction of democratic suffrage in Prussia and the strengthening of the power of parliament, the majority of the Reichstag under the leadership of the Social Democrats forced the Imperial Chancellor Michaelis to resign when he attempted to evade this program, after which Emperor Wilhelm was forced to seek the consent of the Reichstag when appointing a new chancellor and to give him the old democrat Papar as an assistant. Thus, German Social Democracy created the ground in Germany for peace negotiations that have now begun. You note with some satisfaction that Emperor Wilhelm is negotiating with you as an equal. I will remark to this that if Emperor Wilhelm were to allow himself to treat us with condescension, the German working class would consider this a personal, bloody insult. Moreover, the question of peace in Germany is in fact being decided not by Wilhelm, but by the German people. Negotiations are being conducted from people to people. This should not be forgotten.

German Social Democracy seems to you insufficiently revolutionary. So be it. I myself wrote enough about this in my time. But now is not the time for tactical discussions. Action is needed. At the historical moment we are living through, we have to use the forces of the proletariat as they are.

You have already made a big mistake. The boycott of the Stockholm Congress by the Bolsheviks helped Kerensky and other minions of the bourgeoisie to disrupt the congress. They thought they would help the revolutionaries, but it turned out that they played into the hands of the English imperialists.

You were mistaken, by the way, in your assessment of the political moment. You thought that the Russian revolution would immediately be followed by a European revolution. But I said and warn you again now that the war is still going on, there will be no revolution in Germany.

Without going into the reasons, I will point out only one essential difference between Germany and Russia. Russia is a vast country, an army can retreat a thousand or more miles there, and that state will remain undefeated; but if the front in Germany is broken, it can very quickly be crushed. There is no space, nowhere to accelerate. Therefore, the German workers cannot risk defeat. After all, if the troops of the Agreement were defeated, then not only Germany, but also the Russian revolution would come to an end.

You are also mistaken in assuming that you will be able to provoke a revolution in Europe outside the main existing socialist workers' organizations. You forget those that the labor movement has a hundred-year history in Baroque. The workers have become so closely linked

with their organizations that it is impossible to separate them from each other. Moreover, it is precisely the class workers' organizations for the sake of social democracy, trade unions, cooperatives and a whole series of other workers' representations that must form the basis of the social revolution.

There is a profound difference between what happened in Russia and what lies ahead for Western Europe. Do not forget that Western Europe stands directly in front of the socialist [illegible]

You divide the land among the peasants, and in the West the land has to be collected. Before you is the question of industrial development, and in the West the question is its socialization,

I am not really one of the historical fatalists who doff their caps to the bourgeois because in a capitalist country he is destined to be rude. I dare say, I taught you, because you were not told this before me, that the capitalist system itself can be of different types and that, if Russia is still too early for socialism, there can still be a workers' democracy in it, which will protect the interests of the working class and the working masses in general during the development of industry, accelerate this development and lay the foundations for the socialization of production.

But in order to carry out all this, proletarian revolutionism alone is not enough; it is necessary for another fundamental feature of the class character of the proletariat to manifest itself - its organizational spirit. This feature is not destructive, but creative. The proletarian must display his social creativity.

As this task unfolds before you, you will be convinced that you already have much to learn from the European workers, especially from the German Social Democrats.

Of course, the Russian revolution is a huge revolutionary factor. But in order for it to have the greatest impact on other countries, it is necessary first of all to link the socialist parties together,

Do your job in Russia, in this you will have a tremendous impact on the fate of the whole world, and treat with kindness and comradeship what the socialist workers of other countries are doing. Remember, socialism is next in line for them, this is a historical fact.

At the beginning of the war it seemed to you that if revolution did not break out immediately, everything would perish. Patriotism would destroy revolutionism, imperialism would swallow socialism, everything would disappear, evaporate, and the historical moment itself would float away to who knows where. The first, on the contrary, asserted that the world wave was the terrible death throes of nationalism and capitalism, that they had come to an end, and that the result of the war would be revolution and socialism. Now events are unfolding. Embrace socialism and delegate together with the socialist parties of the whole world.

Stockholm. December 4, 1917.
Parvus

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Letter 3: From a meeting of the General commission of the Reichstag.

Deputy Scheidemann (Social Democrat)
I, to my regret, not only cannot agree with the proposal of Mr. Chairman, but must protest against it in the most positive way. The Brest incident caused a great deal of noise. We can see this ourselves within the country, and there is not the slightest doubt that the presidential election will be used to good effect abroad. It should be noted that yesterday, after the statement of Mr. Imperial Chancellor, we broke off our negotiations, so to speak, in the midst of Count Westarp's speech, which spoke in favor of extensive conquests. Today we must protest against this in the most energetic way. There can be no doubt that the majority of the Reichstag still stands by its declaration of July 19, 1917. The declaration in which we expressed our desire to conclude a peace based on mutual agreement and reconciliation and excluding any violent territorial transformations, as well as any national economic violence,

It is quite clear that the broad masses of the people, as well as we, the Social Democrats, see a contradiction between the declarations given by the German parliamentarians in Brest on December 25 and their statement of December 28. (The speaker reads the relevant extracts from the two above-mentioned papers.) Just now the Imperial Chancellor, through the mouth of State Secretary Bush, declared that he will remain invariably in his position, which includes the right to change the subject before the end of time, i.e., that he himself does not want to allow contradictions.

The position of the Imperial Chancellor would, however, be very grave if he dared to depart from this point of view. I will only recall the following dates: on July 19, as I have already mentioned, the Reichstag spoke out clearly about its war aims, definitely emphasizing its readiness to conclude a peace based on mutual accommodation and excluding any kind of bastion. In its reply to the Pachonic sweat, the government spoke out in favor of the right of peoples to self-determination. Thus, the Brest Declaration of the German parliamentarians of December 25 only confirms everything that has gone before. That is why the demand made to the Russian parliamentarians on December 28 that they recognize the statements of the estate representatives of Courland and Lithuania as an expression of the people's will was so incomprehensible. It must be noted that the matter here was only a proposal made by the German parliamentarians.

The Russians rejected this proposal, but expressed themselves quite positively in favor of the formation of a coalition, the task of which should be to smooth out the contradictions, i.e. to find a way to an agreement. Then it was decided to continue the Brest negotiations on January 5, 1918. The Russians, however, violated this resolution by not appearing in Brest at the appointed time. We must have completely precise and clear evidence about all this. In the Petersburg world, which We all want that all misunderstandings should be eliminated, and therefore I consider it necessary to hold a debate today. True, the declaration of the Imperial Chancellor

was read to us today. However, this seems to me insufficient, and what's more, I consider it necessary that the Budget Committee also take a definite position today. Especially with regard to Count Westarp's speech yesterday, which will be used by all the enemies of peace by agreement abroad. I do not know how you will decide whether you will follow the proposal of the Chairman or not, but be that as far as the position of the Social Democratic faction is concerned, at least I cannot for a moment allow any ambiguity, the policy of which, from the very beginning of the war to this day, has been absolutely direct and definite: we stand for the defense of our country and reject all aggressive aspirations. We speak out for the unlimited right of peoples to self-determination. And with the same "energy" with which we oppose the policy of conquest, we fight against the policy of conquest in our own country. This is what I wanted to say today once again CLEARLY and definitely to you.

From our point of view it is essential that the commission should take a definite position today, i.e. that it should once again uphold what was decided by the majority of the Reichstag. I can understand the proposal of the Chairman, but I cannot approve of it. We must await further news of the course of events after we have just learned that the Russian parliamentarians with Mr. Trotsky will nevertheless come to Brest. This does not yet seem to be sufficient grounds for refusing to discuss this question today. I am afraid that the decision proposed by Chairman Derenbach. was not misinterpreted, for in every misinterpretation I see a danger to further negotiations. We desire nothing so passionately as the earliest possible conclusion of a general peace on the basis of the Reichstag declarations. But since this is unfortunately not possible at the present moment, we for now we must be content with a separate peace. But we can in no way allow the conclusion of that peace to be hindered. Our intention to continue the debate today is dictated solely by the desire to serve the cause of peace.

Deputy Haase (independent social democrat):
Postponement of the negotiations would only lead to the fact that even here, in the commission, nothing would be said that would affect the broad interests of the German people. In essence, it would be correct to immediately convene a plenary session of the Reichstag. It cannot be allowed that Count Westarp's speech, this open knowledge of the broadest annexationist plans, remains unchallenged. The Russians firmly stand by their demand for the use of a referendum after the enemy has seen the disputed territories. The Germans hid from publicity the reports on the negotiations in Brest-Negovsk for some reason. "The Reichstag must explain quite clearly how the German people understands the principle of the right of peoples to self-determination, otherwise we will not achieve a quick peace. The explanation of December 28 was nothing more than a thinly veiled push for annexations. And we must in any case state that the Russians have met us halfway considerably more than could have been expected in general. In the interests of accelerating peace, it is necessary to continue our debates now."

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Letter Four: Take Over of Private Banks
[Editor's note: On the Kulaks]

Since the confiscation of private banks in Russia was undertaken as a temporary revolutionary measure to prevent banks from using their capital for reactionary political purposes, this measure does not require further justification, but then it also has nothing socialist in it. The confiscation by police poltical opponents property are most often pleased with precisely reactionary and despotic governments. One can only be surprised at the naivety of the bourgeois gentlemen, who are now unhappy that the sword will cut both ways.

But if in this way they think to open the way to socialism in Russia, they are sorely mistaken. The socialization of banks is next in line in developed industrial countries, such as Germany. Here it is a simple matter. The very development of banking and money circulation has led to the necessity of abolishing the arbitrariness of individual capitalists or groups of shareholders who stand at the head of banking institutions, and of subordinating the activity of banks to the system of state economy. The situation in Germany has become so determined that the implementation of such measures there will not diminish confidence in banks, but, on the contrary, will increase them. The only thing to be afraid of is that the banks do not fit the mold. okrokratia. Otherwise in Russia the banks have already done their capitalist work, in Russia they have to do it only now. It is necessary to pump out the money of individual entrepreneurs, merchants, commodity-deposits and collect it into a network of banks, it is necessary to establish and spread throughout the country a great network of credit institutions. Credit is the main factor of socialization. Credit kills money. And in Russia credit has to be developed further, But by seizing the banks you kill trust in them, you kill credit and slow down the entire industrial development of the country.

These considerations are probably not yet accessible, for a very simple reason: you know well the class struggle of the prolegariat, which ends for you in revolution, but you are little acquainted with the capitalist process of development of industry, the world market, money circulation, which leads to the socialist form of production. This is currently the domain of capitalists, financiers, etc. To study it from literature requires many years, and even then not everyone is given this, and much will be lacking that can only be given by experience. Therefore, I will try to show you more clearly what the essence of the matter is!

By seizing private banks, they imagined cellars filled with mints. But in two stations they found most of all the toppings on the bills of exchange or in other forms of long-term certificates. You thought about deposits with the bank, but the deposits are dug in. Of course, that's why banks exist. Now, while the banks are out of your hands, they don't deposit, of course, and don't pay the debts to the bank.

What became of the capital? Fire in your hands, and whoever is going to use it will use it. You, therefore, played into the hands of a certain banking group - the debtors.

Who are these debtors? You are accustomed to the fact that whoever owes money is the one. You are mistaken, in banking it is like war the other way around. Banks collect money from many, mainly from the middle class, and this money is used to a greater or lesser extent by large capitalists. It is they who are helped.

The big capitalists, both by themselves and because they have the money of the banks in their hands, and thanks to their financial connections, which also extend to foreign banks, are now doing a better job of managing their affairs in Russia. And since they themselves do not decide, they take advantage of the middle bourgeoisie, which now, in view of the absence of bank credit, has to resort to them for money.

The capitalists are crushing both by themselves and because they have the money of the banks in their hands, and thanks to their financial connections, which extend to foreign banks as well, and at the present time in Russia they are doing their business better. And since they themselves do not decide, they take advantage of the middle bourgeoisie, which now, in view of the absence of bank credit, has to resort to them for money.

These evidences are so obvious that one cannot help but ask: is there not a machination of bankers behind the confiscation of private banks? This public is so desperate in matters of pressure that it is capable of playing such a trick, and the Bolsheviks, due to their ignorance of financial affairs, allowed themselves to be deceived.

It was not for nothing that Lenin said at a meeting that good people had come out of the banks and told them what to do. What kind of people? It would seem that one should have written it off with more caution. People sat in bank offices, hung out on the stock exchange, and no one had heard anything about their socialism, but it turns out that in the dark and in obscurity it blossomed like tampons in a basement, and immediately appeared before the people in all its glory. It’s strange. If in fact the bankers were swindling and confiscations of private banks, then such predatory operations may still turn out to be such that nothing will happen.

In any case, the consequences of the restrictions on private banks will be narrowed down by the prats, which will later appear, as already mentioned above, the development of usurious credit. Since village credit is closely connected with the credit operations of the cities, then in the latter, all this will benefit the peasantry and will benefit the Kolunasnykh and Razuvaevs.

I will not go into details about how it will influence prices, agricultural work, etc. Among you there are journalists who have got their hands dirty with Marxism; once a point of view is given, they will be able to develop it further themselves.

It wasn't hard to seize the banks, he went and took them! Well, and then what? After all, you don't think of closing them, which means you'll have to continue doing banking business. But how? Deposits aren't coming in. Where can you get the money? With your characteristic simplicity, you'll probably solve the problem by taking some paper from the state bank. You'll further depreciate the ruble. Well, and what about the borrowers? What should we call them; who should we lend them on a bill of exchange and how much? Of course, there will be good people again who can give you advice. All your socialist mushrooms from the banking offices and stock exchanges have disappeared! They will be very willing to advise you on who to distribute the money to. And Rykovshchina will come, and what a Rykovshchina!

We need control over the activities of private banks. This is a completely special article. Then we must take advantage of their dependence on the State Bank in order to manage them. This is quite sufficient under Russian conditions. Let the private banks act: as they pump money out of the public, this capital must be poured into the State Bank. But behind-the-scenes socialists advise you the opposite. They have imposed private banks on you and through them they are getting to the cash desks of the State Bank, and will soon get to the gold reserves.

deed of gift, to be of a different nature. Here, undoubtedly, wide opportunities open up before you, although, of course, here both the fundament of knowledge and commercial experience would not be a summer baggage. The matter is simpler, because before you, in essence, is a finished failure. It is not the workers' government that is creating the bankruptcies of Russia, but the sterns and the ready-made financial bankruptcy. You inherited it from the old regime. But the capitalists do not want this fact to be called upon. They hope that they will be able to order Russia even more as an insolvent debtor. Besides, they have a special, extremely simplified view of state revenues, which comes down to Shchdrinovsky: you can't get it. They hope that they will always be able to rip off what they need from the peasant. Val, however, simply has to admit that there is nothing to pay with. No matter how clever you are, you can't think of anything else. How will it affect the national economy? It will affect it greatly. But we will have to talk about this in more detail.

Parvus

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Letter Five: Peace campaign in England.

The English pelatiks demand that the Laughlin family be brought closer to the Russian peace proposals.

In England, in addition to pacifists, general politicians of other directions are increasingly becoming supporters of the need to end the war through agreements.

Dr. Dallon, a well-known political writer who lived for a long time in Russia, expresses himself on this subject in an article in the Fortnightly Review.

"We must not seek the end of hostile relations on the battlefield. Moreover, one can express the paradoxical conclusion that a decisive military victory with the consent of the Allies will no longer mean the achievement of the goals for which the Allies make such enormous sacrifices... One could say that I have played the trump card with which the Allies have always can win the game by possessing the largest share of the world's raw products - and the pressure they can thereby exert on Germany. I answer: If this is really the key to victory, why not use it immediately? Why further sacrifices, which in such a state of affairs are completely vain and criminal? However enormous the difficulties on our side, we may succeed, perhaps, in overcoming them, but only if we openly and resolutely oppose them."

Even more urgently the Petrograd special correspondent of "Daily News" telegraphs to the same effect to his newspaper.

"The only opportunity we have to warn the Germans is to publish peace conditions as close as possible to those of the Russians and to take an active part in the proposed conference. In this way we shall help the democratic movement in Germany and also the Russians to force the German government to take the direction in which it has already been forced to take, partly under the influence of pressure from below and partly thanks to its own cunning foresight."

The same points of view and especially the need for English workers to follow the example of the Russian proletariat are set out by M. Osers (M. Hewlett) in a letter to the English press as follows.

“The League of Nations with the inclusion of Germany in it may devalue peace, but it certainly will not devalue disarmament. It is unthinkable, for example, to assume that England will disarm its fleet.

Much more promising prospects are given to us by the hope for the regeneration of Germany and the whitewashing of democrats... The present work is a government, and democracy is a workers' government and war are two incompatible concepts. I constantly turn my gaze to Russia, which has given the whole world an example. The formation of a workers' government in England will not be long in coming, and similar following of the English workers to the example of the Russians will speed up the change everywhere.

In this spirit, Sir A. Methuen is trying to influence by pointing out the economic and cultural catastrophe that also threatens the countries of the Concord. Ol writes: “The moment has come to ask: When will the war finally end? Germany and her allies have openly invited their opponents to peace negotiations. Germany, in response to Russia, has expressed her sympathy with many of the demands for which England and her allies are fighting. Simply to reject this means condemning the world to an indefinite prolongation of the war, which is destroying millions of cold lives and billions of values. The objection that it is impossible to negotiate with a state that has acted like Germany is unfounded, for in the end it will be necessary to negotiate with Germany. The wave, carried to its end, must continue at least until 1920. The Lagoon must still sacrifice millions of human lives. Their debts will reach ten billion pounds sterling. And what will become of France in the meantime? And of Italy? The time has come to speak openly. It seems that our ministers are in no condition either to wage war or to make peace.

The world horror we are experiencing surpasses all imagination. The youth of Europe is rapidly being exterminated. The number of those who have perished in the war has already reached 12 million. Another two years of war will bring this figure to 20 million. The Central Powers, they assure us, want an immediate discussion of peace terms. Should we not then go to meet them halfway, even with distrust, and find out to what extent our main aims are achievable, and thus

relieve ourselves of the terrible responsibility for prolonging the war for an extra week? Reason calls for this: the whole world in agony demands this!"

English workers warn Lloyd George's government.

At the English Professional Conference on Subsistence Supplies, Robert Smill, Chairman of the Miners' Union and the National Workers' Committee, addressed the following warning to Lloyd George

“We warn the government, pointing out the approach of a grave crisis which may begin at any moment if the government does not try to prevent it by fair treatment of the people. If the government does not act without delay, the workers will no longer tolerate that their wives and daughters have to stand in long lines on the streets in front of the shops."

The Miners' Union has about 600,000 members and is the largest trade union in the League. Smill has been nominated as chairman of the recently formed committee for the establishment of workers' and soldiers' committees in England (on the Russian model). He is clearly against war, war and any capitalist policy.

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Letter 6: Clarification

In "Vorwärts" in printed the following explanation of Parvus:

The rapprochement between the German Social Democrats and the Bolsheviks took place exclusively at my insistence. Scheidemann was misled by information received from a person who had nothing to do with politics. I did not receive any ambassadors, invitations, or any communications at all from the Bolshevik organizations. Entirely on my own initiative, I urged the presidium of the German Social Democrats to send greetings to the Bolsheviks. Then, again at my instigation, the Stockholm representatives of the Bolsheviks addressed themselves through the German Social Democrats, as well as with a statement to the independent German workers.

These crimes, for which others of a similar kind were guilty, lie on my conscience. I can easily bear them. For I consider the disintegration of the International an accident, and the split of the German Social Democrats a crime.

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Letter 7: Elections in Saxony

In the Saxon electoral district of Bautzen-Kamenz, by-elections to the Reichstag took place recently, the final result of which is awaited with intense attention both by supporters of the peace agreement and by annexationists, in relation to wide circles of the German people. The first vote gave the following result: as a sym-

Ulig (Social Democrat). 6,416 votes.

Pudora (progressiveness).. 3525

Herman (right) ... 6.957

Consequently, in total about 17,000 votes were cast, of which 10,000 were for the left party and 7,000 for the right. However, this does not mean that the annexationists will not win the final vote, since the progressive Pudor, before the elections, in order to guarantee the support of the national liberals, pledged to you to cast his vote only for a peace that would truly reward us for the enormous sacrifices we made during the war. In this way, he bound himself and, to a certain extent, his electors to the program of annexations and indemnities. But the annexationists cannot point to these military elections as indispensable proof of the popular mood in their favor, since participation in the elections was weaker. Meanwhile, in peacetime. Of the 23,000 voters, 17,000 cast their ballots, i.e. about 75 percent, and at the last elections before the war in Bautzen Kamenz in 1912 there were about 36,000 voters, of whom up to 33,000 turned out to vote, i.e. about 90 percent.

(The comparatively lower participation in the election is probably explained by the fact that the majority of young recruits are at war, while it is mainly the older ones who remain at home, less interested in growing up in politics.)

In the elections of 1912, the votes were distributed as follows:
Graefe (Right) 13,354
Bukk (SPD) 11,412
“” (Prog) 7,889
“” (Catholic) 700

Then, at the final elections, the candidate of the united right, Graefe, was elected with 17,340 votes against the candidate of the Social Democrats, who received 15,092 votes. The liberal press, it is true, asserts that the progressives will now cast their votes for the Social Democrat at the final elections, while the annexationists, for their part, point to the promises made by Pudor before the elections. It is precisely in the fact that Pudor's supporters have to resist the moral pressure of the situation created in this way that lies the symbiotic significance of the outcome of the final elections: for peace, agreements or for annexations?

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Letter 8

Why is the French Government against an international workers conference?

The French Minister of Foreign Affairs, Pichon, in his speech in the Chamber of Deputies, expressed himself with the greatest determination against the planned international socialist workers' conferences, which, in his opinion, were even more dangerous than direct relations between the governments of the Entente and the Bolsheviks. Such an international workers' congress, Pichon declared, would shake public opinion in France and undermine the country's defense. At that time, 145 deputies and the head of state voted against the government in order to protest against the refusal to issue passports for travel to Stockholm.

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Available in print in Russian:

Parvus: Social results of the War/ Soziale Folgen des Krieges/ Krigens sociale resultater
Parvus: My answer to Kerensky and co

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Parvus: Class Struggle of the Proletariat
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Parvus, (Der Arbeitersozialismus und die Weltrevolution. Briefe an die deutschen Arbeiter, 1919).

Holdings: Der Arbeitersozialismus und die Weltrevolution. Briefe an die deutschen Arbeiter.

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Also French: Holdings: Le socialisme ouvrier et la révolution mondiale. Lettres aux ouvriers allemands. I. Comment vaincre économiquement le capitalisme? II. Socialisme et bolchévisme.

Parvus (Die Verstaatlichung der Banken, 1919)

Parvus, (Der wirtschaftliche Rettungsweg, 1921).

Holdings: Der wirtschaftliche Rettungsweg.

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Parvus (Aufbau und Wiedergutmachung, 1921)

Title: Reconstruction and Reparation / by Parvus [pseudonym]Author: Parvus, 1867-1924.Publisher: Berlin : Verlag fur Socialwissenschaft, 1921.

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Parvus: Reconstruction and Reparation

Publisher for Social SciencesBerlin

SW68

1921.

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RECONSTRUCTION AND REPAYMENT - BY PARVUS, pseud

PUBLISHING COMPANY FOR SOCIAL SCIENCE / BERLIN SW 681921

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Refer - St.Moorthamer 1-28-26 11831

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Preface. This book is, in its main content, a collection of articles that I published in the "Achtuhrabendblatt" and the "Glocke" on the occasion of the dispute with the Allies. It has been repeatedly suggested to me by German and foreign sources that they be collected in book form. Considering that the points of view I sought to emphasize in the struggle for the ultimatum have not lost, but rather gained, in practical value now that it is a matter of implementing the ultimatum, I am now undertaking a book edition. The fate of Germany and the entire world is still at stake—especially now! I have only omitted a few articles that corresponded too closely to current interest. For the sake of clarity, I have grouped the articles, separating them into a separate chapter, among other things, those that are primarily political in nature. Otherwise, I present the collection in chronological order. I also include two works that I published earlier. These are my pamphlet, "Peace and Socialism," which I published before the Treaty of Versailles, and the work, "The Social Balance Sheet of the War," which appeared during the

war, at a time when the German side was still expecting victory. They serve to reinforce and expand the viewpoint I took in the debate surrounding the ultimatum; they will also show the reader that I had already foreseen the inconveniences the world now has to contend with, and further, that my standpoint was not influenced by the defeat of the Central Powers, but rather that I held the same views toward Germany, whose victory I hoped for.

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Proposals for Reparations. Berlin, February 14, 1921. I am of the opinion that the problem of reconstructing the devastated regions and making reparations in general is only a part of the global economic problems left behind by the war, and can therefore only be solved from a general perspective that encompasses the whole. But the world resembles a group of shipwrecked sailors, fighting tooth and nail for the last biscuit and the last crumb of bread, while the current carries them ever further to ruin. Will I succeed in penetrating this confusion of the wildest conflicts of interest with the voice of simple reasoning, which demands the cooperation of all? I will try. How is the problem to be solved? I will outline its basic outlines. I am doing so on my own initiative, without having previously consulted with the governments or parties, who are therefore in no way committed to my ideas. My proposal is as follows: 1. An international financial and industrial group will be formed with the primary purpose of reconstructing the

devastated areas, alleviating the housing shortage by initiating large-scale construction, bringing the world's means of transport into order, and adapting them in terms of size and equipment to the requirements of industrial development. 2. The companies of each individual country that join the group will form a separate group with completely independent business practices, but will be subject to the financial control of the large group. Each company that

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-10 published annual financial statements may join the group, i.e., joint-stock companies, companies with limited liability, cooperatives, and even municipal and state-owned enterprises. However, all joining companies must, in order to enable control of their financial conduct, adopt the norms for profit calculation and dividend distribution determined by the group. Membership is only possible with the approval of the central management of the group and will only be granted to companies that can be expected to generate the envisaged minimum return on capital. -3. While fully preserving the independence of the individual regional groups, a joint business approach should be sought where a common business interest arises. Such a common business interest will necessarily be evident both in the execution of large contracts or in work that is repeated in large numbers, e.g., in the case of large-scale production. This should be emphasized, for example, in the construction of houses, as well as in the procurement of raw materials, the utilization of power sources, the by-products of production, and generally in the implementation of rational large-scale production. Furthermore, efforts should be made to create world standards in technology, mass production, and a world standardization of commodity prices, wages, and discount rates. Under all circumstances, however, when carrying out work in a particular country, the industry of that country should be given primary consideration. 4. The capital of the individual national groups is calculated according to their current holdings and supplemented by the capital that the corporation will make available to them in proportion to their needs. The corporation will become pro tanto co-owner of the individual national groups. Furthermore, the total capital will be increased by a certain percentage, I assume 20 percent. The remaining 20 percent should constitute the share of the states that will subsequently provide a guarantee for the corporation. 5. To raise its capital, the international corporation issues shares and bonds. My proposal is also to create a special type of share with a guaranteed minimum interest rate.

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11--6. The corporation's income shall consist of the proceeds of its joint ownership of the individual national groups. 7. The corporation shall be guaranteed a minimum return on its capital. 8. The guarantee of the minimum return shall be provided initially by the industrial

national groups, which shall, for this purpose, grant preferential treatment to the corporation's shares, in the sense that the minimum return on these shares shall be covered from the net profit, even before the distribution of the general dividend. Furthermore, Germany's payments to the Entente shall serve as a further guarantee of this minimum return. 9. The Entente states that receive payments from Germany from the war account undertake, each state, to contribute, if necessary, to the amount of its corresponding annuities, the guaranteed minimum return on the capital of the international corporation. If the minimum return is reached or, more likely, exceeded from the corporation's business operations, the states have nothing to pay and can use the entire amount of the payments due to them for government purposes. That is my proposal. The shares and bonds of the global corporation will be the safest stock market securities ever issued. For the global corporation, which will encompass the key industries of the most important European countries, will be the strongest economic organization in the world. Furthermore, it will receive security through German payments and the authority of the Entente states. These shares and bonds will therefore be readily accepted by the public. This will finally create a stock market value whose price movement will be limited downwards. The bonds, which exclude profit participation, will have to bear somewhat higher interest, but their interest rate will be lower than that of large government bonds because they offer greater security. The shares will have an even lower guaranteed interest rate because their holders

12—at the same time receive a share of the profits. They will soon be preferred over bonds, because it can be safely assumed that the capital of the concern will generate more than the usual interest rate. The special advantages of the Entente states consist, first of all, in the fact that reconstruction is carried out from the resources of industry itself. The capital used for reconstruction should and can, like any productive capital, bear its own interest. They also consist of their direct share in the profits of the concern. We have set this share at 20 percent. France, which is Germany's main creditor, will receive the larger share and thus obtains the desired opportunity to participate in Germany's industrial upswing. The advantages for Germany consist in the fact that the compensation sum to be paid by the Reich can be lower, given that the creditor states receive significant and increasing earned income. They further consist in the fact that it receives capital to rebuild its industry, and indeed, it receives this money on better terms than its industry could have achieved without the corporation. The advantages for the workers of all countries arise from the fact that industrial activity will be resumed everywhere on the broadest possible basis, that industry, without being subjected to coercion, will achieve the best possible technical and commercial utilization of its material resources through the established global connection, and that, as a result, wages can be made more favorable. The advantages for the entire world consist in the fact that, through the creation of stock market values, and thus also means of payment whose price movements are limited downwards, the foundation will finally be laid for the rehabilitation of the currency, and thus wild price fluctuations

can be successfully counteracted. They further consist in the fact that, following industrial development, a new flowering of material and intellectual culture will begin.

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Export duty or...? Berlin, February 17, 1921. The question of the 12 percent export surcharge is now being interpreted as meaning that it is not a separate export duty, but that German export values are merely to be used as a benchmark for calculating a surcharge on the compensation amount, which is intended to bring increasing profits with the improvement of German industry. Thus, the Entente has given up trying to justify the export duty. They don't want any export duty at all; they have been misunderstood. We are therefore agreed that there must be no export duty on German goods. The reasons are well known; they have been clarified by the press and by authorities around the world in response to the Entente's demands, and they are accepted by that side as well. But what the Entente wants and how it is to be implemented is now becoming very unclear. It is not true that this is merely a calculation figure. For it has been repeatedly emphasized by the creditor states that our exports of goods, paid for in foreign currency, offer the guarantee of payment in good currency; particular emphasis is placed on this. However, if foreign payments are to serve as security for our exports of goods, they must be fixed each time. And if they are to be fixed, they must be levied. But then it is an export duty, and there should not be an export duty; everyone seems to agree on that. How is the Reich supposed to cover these payments if it does not levy an export duty? If we are to pay a levy from general tax revenue whose size is not proportional to our taxes, but rather to a completely different factor, namely our exports of goods, we will never achieve budgetary balance.

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-14. Furthermore, the creditor states themselves admit that our direct taxes can no longer be increased. This leaves us with consumption taxes. But if we increase consumption taxes, and do so with the prevailing general taxation, commodity prices and wages will also rise. Consequently, the competitive conditions for our industry will worsen, and we will be able to export less. If an export duty is imposed on us, our industry will be damaged and our exports will be reduced. But at least we will then obtain a certain security for our payments, because we will always export something. If, as is now proposed, no export duty is imposed on us and yet we want to pay 12 percent of our exports, our exports will also be reduced and we will still not obtain any security for our payments. This path is therefore impracticable. But why this irrational and, for all parties, disastrous detour? One wants to participate in the development of German industry and is looking for a metric, a measure of development? Exports of goods are the least suitable for this. A country's exports can increase despite the country becoming impoverished.

Russia and the East Indies have shown us this for decades. And now the exports of goods of an industrial country that processes foreign products are even more important. If the prices of raw materials and foodstuffs rise, the export figures of such a country can swell sharply without a corresponding increase in profits. The exports of Germany and Austria after the war are proof of this. A country's exports can be artificially increased for a short time while undermining the vitality of its industry. What the creditor countries have envisaged is certainly not an occasional bluff, but a continuous development. There are direct and much more reliable methods of measuring a country's industrial development. In a country like Germany, where trading companies control the entire

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--15 industry, the published balance sheets show us quite precisely how things are going. •On the other hand, it is clear that if one wants to participate in the industrial development of a country, one must avoid everything that disturbs and hinders this development, and rather, in one's own interest, promote it. My proposal for the formation of a global corporation to promote global industry is intended in this sense. The corporation I propose acts primarily as a kind of trust company. It does not interfere in business, but exercises effective financial control over all the companies belonging to it. The corporation is secondarily a financing institution. It provides the companies whose good business performance it is aware of with the necessary capital. Further business cooperation between the companies united in the corporation will occur naturally, but should not be imposed on either the individual country or the individual company. The individual business interests of individual countries and companies should always be decisive. One thing, however, is certain: without the granting of credit on the broadest scale, the rise of industry in Germany, as elsewhere, is not possible. Calculations alone are not enough. If one places one's hopes in Germany's industrial development, one must provide credit for German industry. But no one has credit these days. For confidence has been generally shaken, and the abolition of the gold standard has disrupted all monetary relations. The only thing that can help here is the global corporation I propose, which would create a secure means of payment. I believe the solution is as simple as possible. Do you want to participate in Germany's industrial development? Secure a corresponding share directly in the industry itself and, by creating a global corporation, provide the necessary credit so that this industry can actually develop.

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The German proposals in London. Berlin, March 2, 1921. The German proposals are said to have caused consternation in London. But that is only evidence of the nervous mood prevailing.

It is common knowledge that, in our present situation, we cannot put 50 billion gold marks on the table. If we could, we would have done so to free the occupied territories, to protect ourselves from further occupations and perpetual unrest. But we simply cannot; neither persuasion nor force will help. In international trade, Germany was never the lender; it was the workshop that always needed new money. Through the World War, through the dissolution of the world market, through the disruption of all economic conditions, we have become completely insolvent. We are bankrupt; our industry must be rehabilitated. No amount of thunder and thunder will help. We need credit, without which we cannot even pay what has been offered. We will also initially pay the billions we have offered not with our own money, but with foreign money. Do they think someone will be found who will lend us more than the billions we have promised? Show us the state or financial group willing to do so, and then we will negotiate further. Only in this way could we be found in the wrong. And that is the only point. For we are not saying: we don't want to—we can't! We have demonstrated that we have the best intention of paying if we can by accepting the proposal of the creditor states to allow them to participate in Germany's economic recovery. We are not obligated to do so by the Treaty of Versailles. We did it because we want orderly conditions and because we are fully aware that German industry can only develop in conjunction with world industry.

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---17 Our delegation expressly declared: "The fundamental idea of Allied participation in Germany's economic recovery is recognized." It further declared: "Reparations cannot be the problem of a single national economy; it is the first problem of a world economy to be reorganized. Germany is determined to "go to the limits of its capacity in order to assume the heaviest part of the burden within this economy as a whole." These are the viewpoints that the writer of these lines has advocated from the beginning and which he has given practical expression to by proposing the formation of an international concern. If one adopts this standpoint, one immediately escapes the impasse and sees great prospects. It is madness to demand that a bankrupt Germany prevent the bankruptcy of the entire world. Only the recovery of German industry in conjunction with the restoration of the world market and world industry can provide relief. Without the rebuilding of German industry, the devastated regions cannot be rebuilt. To do this, however, we need money—a fully valid, viable means of payment. I have shown the way to achieve this. If we help our industry, we can participate in some form—the practical solutions to the problem are varied—in our industrial upswing and, above all, have the certainty that, with the safeguarding of our industrial development, our contributions to the devastated regions, our credit, and consequently our ability to pay, will increase. We desire nothing more ardently than to be freed from debt bondage and to liberate the occupied territories. As soon as we are given the opportunity to get rid of our annuities by paying out the capital, we will do it with joy. If you believe we can do it now, then show us the creditor who will advance us the capital. Parvus2

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Contributions in kind for reconstruction. Berlin, March 4, 1921. In the hasty and vehement way in which our delegation's proposals were criticized, a point that could be of fundamental importance was completely overlooked: our willingness to repay our payments with contributions in kind and labor during reconstruction. If one develops the idea correctly, this is a tremendous economic task, to which we would have to devote the main forces of our industry. We want to illustrate this with a concrete example. In the destroyed areas, 300,000 houses must be rebuilt, and another 360,000 that are uninhabitable must be renovated. Reconstruction efforts have been underway for 22 years, and barely 212 percent of what is needed has been produced. If things continue like this, they won't be finished in 50 years. Meanwhile, the population is stunted, physically and morally ruined by the housing shortage. If urgent remedial action is not taken, diseases will arise that will devastate the population more than the war. We can supply the iron structures and other iron for the construction of these dwellings, the plumbing, the heating and lighting systems, the bathrooms, doors, windows, glass, and all the interior fittings; we can provide architects, engineers, and construction workers—in short, we can prepare the new houses ready-made in Germany and have them erected by our workers in France. And if we were to carry out this work, if our industry were commissioned to produce so many dwellings at once, it would organize the work in such a way, achieving such advantages in raw material procurement, mass processing, etc., that it could probably deliver the houses for half what they cost now. That is what we are proposing: less money, but more performance!

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-19 We differ in the calculation of the figures, not on the fact itself that the devastated areas must be rebuilt as quickly as possible. We want to commit ourselves to rebuilding them more beautifully and magnificently than they were, through contributions in kind, through labor. —The French side will say: We cannot assign all this work to German industry; we want to develop our own industry. That is quite correct. But then let us create a joint organization, at least for the construction of the houses. France can take over what it wants; it can have us supply it with materials and manufactured goods; it can also call on our labor and leave to us what it cannot provide itself. There will still be a lot left over, for a great deal of work has to be done in a short time. And France is lagging behind in its industrial development. We are by no means making it a condition that this work be assigned to us. For we have enough to rebuild in Germany itself. Even just to build the houses for France, we would have to build houses ourselves. We have to accommodate the workers we need for French housing somewhere, and without workers, there is no work. However, it follows that if one approaches the problem of reconstruction broadly, it

expands itself and consequently must lead to a further reduction in production costs. The solution to the problem lies in a generous organization. Large payments are only an illusion. What will France do with the billions it receives? In order to quickly promote reconstruction, it would have to import goods and workers primarily from abroad. If not from Germany, then from England, America, and Italy. It will have to pay very high prices—all the higher the larger the sums of capital it throws onto the market. The entire price movement during and after the war proves this. So who would benefit from Germany's ruin? Not the population of France, but certainly a number of large speculators.2*

p. 20 (#24)

The Break. Berlin, March 8, 1921. The break has occurred. This also means that the consideration we had to show for our delegation is no longer valid. We have the impression that the Allies intended from the outset to allow the sanctions to take effect as quickly as possible in order to continue negotiations with us under this pressure. But the behavior of our delegation made it easier for the Allies to implement this plan. It was not a good idea to come up with a counter-invoice of 20 billion, which they themselves said had to be examined first. This created the impression that they only wanted to pay 30 billion, and this was reported throughout the world press. The further proposal for an immediate payment of 8 billion, for which the interest would be retained, thus reducing the annuity by the same amount, seems like a bad stock market joke. The Allies themselves are in a better position than we are to take out a loan if we pay them the annuities necessary for the interest. This only confused the calculations, so that no one knew at all what we would be paying in the coming years. We had firmly promised one billion annually, plus the interest on the eight billion. Depending on the interest and the amortization rate of the bond, this could total twelve or two billion. With our second offer, we confused the situation even more instead of clarifying it. We suddenly offered to pay everything they demanded in Paris for the next five years, while the next few years are precisely the time in which we can pay the least. The proposal was made in good faith, with the obvious desire to do everything possible to avoid the breach.

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21 to avoid. But by doing so, we have only raised doubts about our sincerity. The reality is that we have neither money nor credit for the foreseeable future. We are bankrupt, and this had to be said, instead of trying to conceal the situation through fiscal artifice. We are financially bankrupt, but we have economic resources, we possess an industry that can be deployed to support reconstruction. The emphasis had to be placed on this. Our delegation also declared that we intend to pay off our debt through payments in kind and labor, but it presented no plan

as to how this should be done. Our delegation further declared that we intend to involve the Allies in our industrial recovery; but it immediately added that this participation was already included in the compensation sum we proposed. Thus, even by adding the final clause, they have nullified what they had conceded in the first clause. Therefore, it would have been better not to have stated the first clause in the first place. What now? The negotiations, it is said, are to continue. But the sanctions have come into force. They bring misery upon us, upon France, and upon the entire world. They are pushing for an accelerated decision. And yet we cannot offer more than what we can actually deliver. We cannot implement the Paris resolutions, not even for the next five years. We have once again promised something we cannot deliver. We must present a plan for how we intend to reconstruct the devastated areas, and we must specify a precise deadline within which we intend to complete this work. "As I finish these lines, I am reading an article in Vorwärts that seeks to prove that the Allies' economic reprisals cannot do us much harm. Vorwärts is wrong. They will severely impede our exports and could paralyze our industry through a lack of coal supplies. Also,

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-22 We are not indifferent if the occupied territories are separated from us by a tariff wall. After all, if these measures are not yet effective enough, the Allies are certainly in a position to take others as well. There is no point in showing insensitivity when one is being beaten. Another question is whether our ability to pay will be increased by the reprisals. And the answer to that, however, is clear to the whole world: We will be ruined, and with us, France first and foremost.

p. 23 (#27)

Lloyd George's Bill. Berlin, March 11, 1921. Great Britain has to pay 500 million pounds annually, or nominally 10 billion gold marks, for debts, pensions, and war-disabled allowances, Lloyd George declared in his closing speech. Since Germany, even after the possible loss of Upper Silesia, still has 10 million more people than Great Britain, he cannot understand why we should not be able to make the payments prescribed for us in Paris, which amount to only 120 million pounds for the next year. Lloyd George initially overlooks the fact that we, too, have our war-disabled and our debts. The amount of our payments for pensions and debts is already 22 billion marks, nominally twice as much as in England. Since the mark exchange rate has fallen sharply, this results in a significant reduction in its value in gold. However, as Lloyd George himself has repeatedly emphasized, the intrinsic value of the mark is higher. Thus, our pension burden and our debt cannot simply be calculated based on the foreign exchange rate of the mark. The latter can also rise. The Allies themselves are interested in obtaining high gold payments from us. As honest merchants, we must expect this if we commit ourselves to

permanent payments. Should the mark exchange rate improve even to the extent that the paper mark becomes worth 40 Pfennig in gold—still 60 percent below par—we would have to pay approximately 9 billion gold marks annually from capital debts and pensions alone. We cannot reduce our payments to the war-disabled. On the contrary, if the mark exchange rate does not improve, we will have to increase them. Because at the current exchange rate and the prevailing inflation, pensions are not even sufficient to provide the war-disabled with food.

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--24. We cannot be expected to let our war victims, who are already quickly wiped out by hardship and disease, starve to death. Nor can we reduce the payments for our war debt. The entire nation has contributed the maximum of its savings to the subscription of these bonds. It has already lost most of its capital due to the collapse in stock prices. Further cutting interest payments would mean the bankruptcy of many families and drag the savings banks and a number of other financial institutions into the crisis. The state of emergency among the German middle class and among German workers is so great that no further experiments in impoverishment can be undertaken. Our per capita consumption of flour, the most important and simplest foodstuff, in 1920 was only two-thirds of that in 1913—namely, 83 kilograms instead of 125 kilograms. The state had to pay approximately 11 billion marks in subsidies for reduced food prices, not counting unemployment and other benefits. Without this support, the population would have literally starved to death. Surely we can't go any further. One should ask why our market exchange rate has fallen so low? We don't determine the exchange rate; it was determined on the world market, first by the neutrals, and now by them together with the Allies. Why did they force down our exchange rate? Because they saw how our war debts were growing and became convinced that we would not be able to pay our interest in full currency. We did, of course, raise our war bonds at home. But considerable amounts of our previous debts were placed abroad, and even a considerable amount of our war bonds was placed with the neutrals. In addition, we have delivery debts, debts from private trade, etc. The devaluation of our currency means considerable losses for foreign countries as well, not to mention the disruption of trade, etc. Why are they still pushing down the market rate? Because they are convinced that we cannot pay. We are bankrupt, we are—

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-25 so much so that our creditors are happy if they receive 10 percent of the nominal value of their claims and hurry to collect. How can anyone assume under these circumstances that we can pay further enormous sums, and who will advance us or the Allies money against such obligations on our part? The 500 million pounds that Great Britain has to pay annually is a huge

sum. We don't know how it will cope with it, and whether it won't end with a sharp devaluation of the currency. Lloyd George knows better. But Great Britain has always been much richer than Germany. In population too. Because, if you consider the entire empire, there are over 400 million people. Certainly, these 400 million don't all contribute equally to the mother country's tax burden, but they all contribute to promoting its industry and increasing employment. In peacetime, Great Britain, not counting the colonies, had a coal production that was half ours; its merchant fleet was about four times as large in tonnage, the capital of its joint-stock companies almost three times as large, and it operated five times as many cotton spindles as we do. Meanwhile, we have lost our merchant fleet, our colonies, etc., etc. Lloyd George further pointed out to us that France has to pay 12 billion francs a year for its devastated territories. But France is already bankrupt, it declares this openly; its currency has already fallen by half, and its only hope is that we will pay. But are we therefore better off if our creditors are bankrupt? On the contrary, because they are bankrupt, they themselves have to pay high interest, demand the same from us, and press for payment. Should one bankrupt help another by issuing bills of exchange that he will not be able to cash? We tell you honestly how things are. That is the only salvation for us and for the whole world. We do not deny the difficulties the Allies are facing, the great burdens they have to bear. There is also no lack of

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26 goodwill, we want to do everything we can, but we don't have any money. There is a general devaluation of money in the world, the sources of credit are blocked, and we, the vanquished, are worst affected, least able to help ourselves and others. The question of reconstruction is a global question, it is a currency question, it is a question of restoring industry, it is as much a French question as it is a German question, for without capital for our factories and without housing for our workers, we cannot produce, and consequently cannot pay. Only through the integration and development of industrial forces; otherwise, the problem cannot be solved.

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A shift to world industry. Berlin, March 19, 1921. Lloyd George now declared with all determination that the Entente no longer wanted paper payments, and that Germany's debt could only be paid off through payments in kind and labor. France also seems to be adopting this view. This would be an important step toward understanding. For, given the fluctuating monetary situation, no one can determine what we can pay: but what we can provide can be approximately calculated based on the status and development potential of our industry. However, one must also draw the conclusions from this standpoint and place German industry in conditions that enable its development. Then one will also be unable to ignore the fact that

German industry can only develop in connection with world industry. If one isolates it, it will be ruined. And one will also recognize that one cannot tear German industry out of world trade without hindering the development of world industry. World industry, however, is not forcing a narrowing, but rather an expansion of the world market. Lloyd George tells us that England has to pay 500 million pounds annually, mainly as interest on its national debt, and France 12 billion francs. Similar figures are available from other countries. This is the result of the war debts incurred. The World War required colossal expenditures. They have been used up. The debts remain and must be paid interest on. Lloyd George once spoke of the "silver bullets" with which

-28England wants to win the war. The 500 million pound annual payments from the British state are the bill for these silver bullets. And so it is in all states. But how are the states supposed to raise these payments if production is not increased? Is it conceivable that England, whose total regular state revenue before the war amounted to less than 200 million pounds, will now be able to pay an additional 500 million pounds year after year, in addition to covering its otherwise increased state needs, without a corresponding increase in its industrial activity? And what will become of these countless billions that the states pay out as interest on their war debts if they do not find a large portion of them invested in industry? Falling upon defeated, defenseless Germany and trampling it underfoot to squeeze money out of it—getting blood instead of money—is an excuse to deceive agitated public opinion, but not a way out! Not just Germany, but all industrialized nations will be bankrupt if urgent measures are not taken to develop world industry. Germany cannot pay the debts of the entire world. But the more one wants to get out of it, the more one will have to increase its industry. Therefore, capital must be injected into it. Capital must be invested productively. Otherwise, there is no salvation. Neither the printing press nor the minting of gold will help. Money is, after all, only a measure of value. If industry stagnates or even declines, this measure of value will automatically, albeit not without disturbances, indicate the same or lower values. Whether one measures with a yardstick or a meter, the distance between two fixed points remains the same, and no matter how many measuring sticks are put into circulation, the distance will not increase. The states' creditors will lose their property unless industry is driven forward with all possible force. I am not at all referring to political resistance, although this too is a very serious factor. Lloyd George told us that England has one million unemployed. The number of unemployed in the other

29 countries, correspondingly large. Where will this lead? Millions of workers have nothing to do, billions of dollars of monetary value lie unproductive, accumulating in the pockets of idle

pensioners, the people lack the most necessary consumer goods, and only taxes grow immeasurably! Will the masses tolerate this in the long run? Won't they come to the simple conclusion: eliminate the war debt, reduce taxes, and create jobs for us! But I'm not talking about that, but about the effects that result from capital movements themselves. When such sums of capital accumulate unproductively, they are devalued. They put pressure on the market, they raise prices, and thus, through monetary devaluation, eliminate the disproportion that has developed between the nominal value of circulating capital and the sum of the value of production. The Allies' war debts, unless all means are used to develop industry, will be devalued just like the debts of Germany and Austria. Therefore, America, which became Europe's creditor during the war, is most interested in promoting Europe's economic development. Whether the Allies pay with our money or with their own, America will receive nothing, or very little, unless industry is expanded in a way that makes these payments possible. We have destroyed for years with the most enormous industrial resources without producing. The war debts are the final sum of this destruction. Therefore, they have no equivalent value in the current state of industry. What do they mean, then? A bill for the future development of world industry. Only in this way can the war debts be paid, otherwise the world will be bankrupt. But is world industry also capable of fulfilling these obligations? Absolutely. First and foremost, reconstruction is compensation for the destruction. And since building is more difficult than destroying, reconstruction requires even greater expenditure of capital and labor than destruction. Furthermore, what has been neglected for eight years must be made up for. Enough work, almost unlimited possibilities.

30 opportunities for capital investment. One must simply consider the whole. Let's take an example: In Germany, one million new homes need to be built. In France, in the devastated area alone, 600,000 houses need to be completely or partially rebuilt; the total demand for new homes there will certainly not be less than one million. Then come England, the Austrian states, etc. That creates jobs in masses. Then the World War, which meant an unprecedented economic revolution, opened up enormous prospects for the expansion of the world market and world production. Russia alone, when things calm down, will need 200,000 kilometers of new railways. Think of Siberia, Central Asia, etc. Never before has the need for industrial activity been as great as it is today. We are on the verge of the most tremendous development of world industry, once the disruptive policies of narrow-minded governments and certain economic inertias are overcome. The Allied policies are narrow-minded and petty, even from a capitalist-national perspective. France, in particular, pursues a policy of small and large evils, in which it consumes its power and prestige. If one asks whether France best exploits the position of power it gained in the war to increase its prestige and prosperity by remaining on a war footing and swearing eternal enmity to Germany, or by developing its economic power, the answer is obvious. So much was said in peacetime about German "pénétration pacifique," the "peaceful penetration." Why not imitate it now, when we have extraordinary opportunities to do

so? And if we look at things from a more general point of view, we will easily see that the economic interdependence of the industrialized countries would provide the best guarantee for world peace.

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Before the collapse of our tax system. Berlin, March 14, 1921. To prove to us that we are deliberately—and this is what matters—evading our payment obligations, the Allies would have to prove that we can pay. They have attempted to do so, but it has failed completely and proves us right in our view that our ability to pay is extremely limited. First of all, it must be stated that, according to the Allied report, our direct taxes are far too high rather than far too low. However, the Allies name a number of consumption taxes which, converted into gold, would have lower returns for us than for France and England. These are also the figures Lloyd George based his major speech in London. In contrast, our delegation's memorandum, which unfortunately received too little attention, already pointed out that it is not appropriate to single out individual consumption taxes without considering the overall burden, and that the Allies, among other things, the most important of our consumption taxes, which alone generates as much as all the others combined, namely the coal tax, has been completely disregarded. Furthermore, the conversion into gold is disadvantageous for us because our currency has fallen much more sharply relative to the others. However, it is this ratio that matters, and not, as Lloyd George suggested, the calculation rate itself. If one were to use the Austrian exchange rate as a basis, the calculation in gold would yield even lower amounts. If one waits any longer, if one even allows the sanctions to come into force—which has already happened—then the market rate will fall even further, and a situation may arise in which our taxes, like our money in general, converted into gold, will not even

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32—no longer have any value. But that would not be proof that we can pay, but on the contrary, a document of our insolvency. If we continue to disrupt the world economy instead of strengthening it, the French and English currencies, especially the French, will continue to decline. Then taxes in France, calculated in gold, will amount to a much smaller amount. But that would not help the French taxpayer. It is the same with us. A third factor influencing the yield of our consumption taxes is the fact that our consumption has declined sharply. According to the memorandum, the German population's consumption of beer and spirits has fallen to a sixth to a fifth of its pre-war level. This, again, is not proof of our solvency, but proof of our bankruptcy. And, above all, proof that our consumption taxes are already far too high. This is what emerges from the Allies' comparison of figures. The Allied experts unintentionally stumble

upon the fact that the German population is suffering. Instead of drawing the logical financial conclusions from this, however, they demand that we burden our suffering population, which has restricted its consumption to the utmost, with consumption taxes higher than those of England, whose population still finds the means to indulge in excessive alcohol consumption. We cannot pay with taxes. We can only pay off our debt through economic performance. Unfortunately, not only the Allies, but also we, are surrendering to the most pernicious fiscal illusions. There is a tax race in Germany that defies all fiscal premise and knows no bounds and no end. People are still searching for new taxation targets, without any economic or socio-political distinction, based solely on whether they can be applied effectively, regardless of whether they are trade, traffic, consumption, capital, or income taxes. The country's economic life is affected by a complex web of taxes.

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33, which hinders economic development worse than medieval customs barriers. Above all, however, tax rates have been increased so enormously that the tax mechanism is failing. The fact that tax revenues fall short of estimates is not even the decisive factor. The most important thing is that these high taxes are passed on in a way that makes their financial impact illusory. Individual taxes are calculated from the outset to be passed on. For example, our memorandum calculates that the sales tax will increase the price of finished products by 4 percent. We will not dwell on this any further. But what about consumption taxes? It is a well-known fact that these are always largely passed on. That is why Social Democracy has always been an opponent of consumption taxes. Now, in normal times, with the full development of free competition both domestically and on the world market, the situation is even less serious. The situation is different, however, if consumption taxes are introduced or increased at a time when foreign competition is virtually impossible due to the disruption of world trade and the poor state of the foreign exchange, and domestic prices are so high that compulsory regulation of the most important foodstuffs is necessary. In this case, the passing on of consumption taxes occurs on an even greater scale than usual; neither the producer nor the retailer pays them, but rather the consumer, in the form of the increased price. By increasing our consumption taxes, we have severely hindered price reduction, so that the consumer has no choice but to restrict their consumption. With the restriction of consumption, industry also declines. Unemployment, inflation, and increased wage demands are the consequences. Now to direct taxes. Their purpose is to reduce income without disrupting economic life. The aim is to tax the profits of industry, or rather, the entire industrial sector, but not the industry itself. However, the situation has been reversed due to excessively high tax rates. Industrialists, merchants, and farmers now calculate in advance the taxes they will have to pay and impose Parvus3

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34 raises prices in such a way that a correspondingly higher profit yield results. After taxes, the usual dividend remains. The financial statements of the joint-stock companies show us that this has not decreased, but increased. This proves that prices were increased even beyond the level of taxation of the respective companies. They had to be increased more, since the dividend income of the individual shareholder is in turn highly taxed. The shareholder demands that the company that finances it pay him a dividend that, again after taxes, provides him with an appropriate return on capital. For the same reason, the discount rate or interest rate rises. Thus, an increase in the cost of production occurs across the board, being transmitted from one stage of production to another and further increased. The effect of this increase in cost due to excessive tax rates would be easily noticeable if there weren't other factors of inflation that conceal this effect, but which were themselves partly caused by it, and if, above all, a general devaluation of money hadn't occurred due to the collapse of the currency. In view of the inflation, large increases in wages and salaries had to be granted throughout the country and in all professions. Isn't it absurd to continue to increase wages on the one hand and to deduct 10 percent of these wages on the other? But there's more to it. The inflation, which, as we have seen, is partly caused by the shifting of excessively high taxes, is so great that the state is forced to pay subsidies to reduce the price of food. According to our delegation's memorandum, such subsidies were estimated at approximately 10.8 billion marks for 1920. The annual yield from the 10 percent wage deduction is estimated at 62 billion. Thus, what the state takes with one hand, it spends with the other in the form of food allowances, and has to add another 4 billion. In the midst of this transaction, which leads nowhere, is the tax official, who is paid

35—must, in between lie annoyances, disputes, and bureaucratic nonsense with which all business is burdened. The plan is to reduce food subsidies. Whether and to what extent this will succeed depends, however, on inflation, which in turn is driven by excessive taxes. The state, however, not only pays for inflation through the subsidies it grants directly; it also pays for it by raising wages and salaries and having to pay all commodity prices. The memorandum we presented in Brussels demonstrates that on the state railways, per capita salaries and wages were three and a half times higher in 1919 than in 1913, and in 1920 even 6.8 times higher. Note the rapid increase from 1919 to 1920. As for material expenditure, it is sufficient to point out that in 1920, compared to 1913, the price of a ton of coal was 19 times higher, and the price of a ton of rails 28 times higher. So who pays the taxes levied by the state? The state itself. This is obviously an impossible situation. How we can escape this magic circle is a question we shall have to address later. What is certain, however, is that further tax increases will only result in further inflation and further currency devaluation. That is what they should have pointed out in London. Instead, they became entangled in contradictions by, on the one hand, proving the unbearable nature of the existing tax burden and, on the other, promising the creation of new

taxes. In the French Senate, its President, Leon Bourgeois, recently declared, to the continuous applause of the assembly: "The government has recognized that in order to cover France's expenses from day to day, it is necessary to resort to a procedure that the minister himself has called daily loans. An abyss is opening up day by day, and nothing is provided to cover it. I believe that I express the opinion of the entire assembly when I declare that such a state of affairs can no longer continue."3*

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36While France is not afraid to admit its bankruptcy, we act as if we could bring everything into balance through fiscal magic. This is a tactic that began immediately after the armistice. At that time, people indulged in the illusion that they could buy peace. This, of course, was not the only reason why we quickly created high taxes. We have not reconciled our economic and political opponents by doing so and have only increased their greed. What we are pursuing is not a sensible tax policy; it is fiscal hype. It is the same pernicious practice as the unlimited issuance of banknotes. The only difference is that, based on our own and others' previous very dismal experiences, we are at least aware that the use of the printing press leads to inflation and currency devaluation, whereas we have not yet fully grasped the consequences of the unlimited use of the tax press. But they are exactly the same: inflation and inflation. Both work together: we levy high taxes, which are paid to us in banknotes that we print. We are bankrupt. If someone is bankrupt, their businesses must first be liquidated until it becomes clear whether they can take on new debt. That is what we should have said in London, with complete openness and honesty. Our industry is good, but we lack the means of payment. Give us the opportunity to pay off our debt through economic activity, or show us how we can obtain credit to pay our debt. We are facing the collapse of our tax system. This would have happened long ago if a continued decline in our currency had not led to an equally continued shift in our commodity prices relative to foreign currencies.

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Taxes, exchange rates, exports. Berlin, March 21, 1921. The exorbitantly high tax rates require that taxes be passed on, both consumption taxes and direct taxes. At the same time, efforts are being made to structure the business balance sheet so that the taxable net profit appears as low as possible. Two tendencies are thus evident: first, to achieve such an increase in profit through price increases that a substantial return on capital remains after taxes; second, to reduce taxable profit as much as possible through depreciation. In addition to taxed income, hidden and untaxed wealth accumulates in the increased fixed assets of companies. However, one cannot blame the merchants and industrialists for treating their depreciation more carefully than ever

this time. This follows from the overall situation. Money is devalued, commodity prices fluctuate, and one doesn't know what the next day will bring—under these circumstances, the only security is the largest possible reserves. This is the only remaining hold for industry, the last safeguard against bankruptcy. The high taxes and the specific nature of individual taxation systems, in turn, force the creation of a tax reserve. I am referring primarily to the Reich Emergency Relief (Reichsnotopfer). This is calculated based on the company's current status and, in most cases, spread over 30 years. The same amount of tax is payable for 30 years, regardless of whether the company thrives or declines. The tax is high, amounting to 6.5 percent of taxable capital, thus reaching 3.9 percent of total capital for larger companies. In bad times, it can directly trigger a crisis, driving the company to bankruptcy. It is therefore only too understandable to strive to create a tax reserve in better years in order to prepare for bad times.

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38. This should, by law, be covered by net profit, after taxes. However, depreciation always contains unpredictable elements, estimates with a high degree of arbitrariness, which is why it will never be possible to prevent tax considerations from playing a role in the accounting, in addition to inflation and actual inflation. This creates the transition to malicious balance sheet concealment, which is admittedly practiced with the greatest virtuosity. The larger and more complicated the business balance sheet, the easier it is to create reserves and directly conceal the balance sheet. The matter is easiest for taxpayers who are not actually businesspeople, such as civil servants, workers, and the liberal professions. Here, income is easily manageable and not large enough to be hidden. These classes bear virtually the full burden of direct taxes and can only get out of this situation by increasing their income. Large-scale industry benefits most from this. In combined large enterprises, which no longer calculate in individual millions and have distributed their capital across various large operations in different locations, depreciation can no longer be controlled at all. These large enterprises are, of course, also more able to set prices and thus pass on taxes than smaller tradespeople or merchants. They can also be content with a lower profit rate. Thus, high taxation acts as a stimulus for the concentration of capital and leads to the elimination of smaller and medium-sized enterprises. Instead of the reduction of high wealth, which was partly intended when high taxes were created, there is an expropriation of the middle bourgeoisie by big capital. I mention these aspects to complete the picture of the economic effects of our tax system, although I am still far from offering an exhaustive account. The main issue remains the shifting of taxes and the resulting inflation or devaluation of money.

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39If we now ask whether an industry can maintain itself on the world market when it is driven to an endless price increase by an endless increase in taxes, we will immediately receive a negative answer. If we imagine conditions as they existed before the war, when the value relationship between the Mark and the Franc and the other currencies of the industrialized countries was fixed, the price increase here would very soon lead to foreign countries being able to supply goods more cheaply than we do, so that we would have to withdraw from foreign markets and give way to competition from foreign goods on our own market. That would obviously be the ruin of our industry. The entire game of our taxes could only develop because of the disruption of the world market and monetary conditions caused by the war. Initially, it was the war economy that drove prices up enormously. The army leadership had countless billions at its disposal, which it spent without any commercial calculation, with the sole aim of obtaining deliveries as quickly as possible. Delivery options were relatively limited, the risk premium high—I needn't go into the individual factors—in short, prices rose enormously. When the war ended, a price reduction was inevitable. The only obstacles to this were the continued restriction of world trade, the uncertainty of the political situation, the policy of violence of the Treaty of Versailles, and the determined pricing policy of large global corporations, which kept prices high in order to advantageously liquidate their wartime obligations. Prices thus remained high, as they had been driven up everywhere, even in neutral countries, by the war. When Germany began exporting abroad again, it found a favorable market. At the same time, German monetary conditions were poor. This was a consequence of the war, which was made significantly worse by the Treaty of Versailles. But the poor German exchange rate acted like an export premium.

-40Under these circumstances, Germany was able to export despite the price increase. The government even had to intervene to bring export prices into a more favorable relationship with the falling exchange rate. Meanwhile, a movement began on the domestic market in Germany aimed at equalizing prices with exchange rates. The more the mark fell, the more commodity prices rose. In the midst of this great upward movement in prices, as I have already mentioned on another occasion, the increase in prices caused by taxes went unnoticed. The equalization of commodity prices and money rates was constantly disrupted by the fact that the mark rate continued to fall. This movement meant that we could sell but could no longer buy. This alone was bound to undermine the foundations of our industry, which cannot survive without foreign supplies of raw materials and foodstuffs. If the falling mark rate had been halted at one point—no matter how high or low, as long as it remained stable—everything else would be merely a matter of conversion. Commodity prices in marks would adjust to the world market value of the mark—a movement that does not occur without difficulty and friction, which takes time to take effect, but which, as already mentioned, had already begun with force and would undoubtedly have led to complete equilibrium in a certain time. Although the mark exchange rate reached its lowest level in January 1920, it did not settle down; it still fluctuates up and down. This has already had dire consequences. The raw material loans granted to us at the

lowest level of our currency proved—as I had already foreseen at the time—to be too expensive and reduced the competitiveness of our industry. Above all, the fluctuating exchange rate hinders the conversion of commodity prices. Through the fluctuation of the mark exchange rate, foreign countries have the power to switch our competition on and off on the world market. If they want to buy from us, they lower the mark exchange rate; if they want to sell, they raise the mark exchange rate. But our industry cannot buy expensively and sell cheaply at the same time.

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41Such fluctuations in commodity prices, not only here but also on the world market in general, disrupt all commercial calculations. In the long run, such a situation is obviously unsustainable, which is why it is the unanimous desire of all world industry to return to stable monetary conditions. Once this stabilization is achieved, it makes no difference whether the mark is worth 100 centimes, 10, or 5. Commodity prices are then converted. If there is still tension between the domestic value of the mark and its foreign value, this results, firstly, from the fact that the mark exchange rate has not yet settled, and secondly, from the fact that the conversion of all values, including land prices, the value of factory facilities, etc., takes time to be fully implemented. But once the mark exchange rate has been secured, the conversion will definitely take place, and in a surprisingly precise manner. The price development since the war already shows this. If the constant exchange rate of the Mark were to be 10 centimes, one franc in Germany would be able to buy goods for 10 Marks and yet still get no more than before for 80 Pfennigs. The low level of the German currency played a major role in the Allies' economic considerations. They linked their fears and their hopes to it: the fears that Germany would outcompete everything, the hopes that large payments could be imposed on Germany—the low currency would cover everything. From Lloyd George to Briand, they repeatedly repeated this refrain: the low German currency! This is how the proposal for an export tax arose—the low currency, it was believed, would cover the difference. And now we see that it is not the state of the currency that matters, but its movement. One can hardly imagine a more comical aberration. These gentlemen believe that because the low reading of the barometer indicates high humidity, it is sufficient to hold the mercury column steady to produce rainy weather.

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42—Or they believe that if one uses an 80-degree thermometer to measure temperature in one country and a 100-degree thermometer in another, there will always be a difference in temperature between the two countries. They allow themselves, like the learned Mr. Pickwick, to be persuaded that it is the rolling cart wheels that keep the lame cab horse moving. In reality, since it is a ratio, there is neither a low nor a high exchange rate, but only a falling or rising rate.

But this is a subtle mathematical distinction that I will not burden the gentlemen of crude politics with. I say, therefore: whether the exchange rate is high or low influences neither exports nor imports, if the exchange rate remains constant. And without a fixed currency, both the budgetary calculations of states and the commercial calculations of industry and all world trade collapse. I hope that through these observations, I have finally eliminated both financial and trade speculation on the low currency. What we have experienced in this area was one of the worst economic consequences of the World War, which we must eliminate as quickly as possible in order to achieve a recovery of world industry. Returning now to our tax considerations, it is clear that the effect of the excessively increased German taxes will become apparent with vehemence once the currency has been stabilized and commodity prices on the world market have been reduced to the level of their normal production costs. This latter process will also take some time. It is being held back by the fact that global trade remains fragmented, by the protective tariff policies of governments, and by the pricing policies of large corporations. But unsold masses of goods are already accumulating on the world market, while the population is deprived of the most basic necessities, price pressure is rising, and pressure is rising.

43 of the unemployed and the pressure of capital seeking exploitation. If one does not intervene both to liberate and regulate, by allowing competition on the world market to play its role and at the same time expanding the field of operations of world industry by posing major production problems, a global economic catastrophe is inevitable. But either way, through collapse or through a sensible economic policy, equilibrium on the world market will eventually prevail. Then the situation we had before the World War will arise, when the industry of every country had to calculate carefully in order to maintain its position. Then the German tax system could lead to a collapse of German industry. Finally, I will attempt to clarify the situation with a calculation. The total capital of German joint-stock companies in 1911/12 was approximately 18 billion gold marks. Of this, paid-in capital was just under 15 billion. According to existing legislation, the existing joint-stock companies, as corporations, would first have to pay taxes. They would have to pay 10 percent of the business profit. The business profit was 1,571 million marks. Therefore, they would have to pay 157 million marks from this capital. Furthermore, they would have to pay 10 percent of the distributed dividend. Since this amounted to 1,220 million, this amounts to a further 122 million marks. The emergency levy is credited to the corporations after deducting the paid-in capital. According to the official statistics cited above, the difference amounts to 3 billion marks. Of this, 10 percent is levied. With interest at 612 percent according to the tax regulations, this amounts to 19.5 million marks. The joint-stock companies would therefore have to pay 157 + 122 + 19.5, or 298.5 million marks. The paid-in share capital is recorded by the Reich Emergency Levy not under the corporations, but under the shareholders. It amounted, as we know, to 15 billion. If we calculate 40 percent of that as emergency relief—the tax rate, as we know, goes up to 65 percent—that results in another 390 million. Thus, the joint-stock

companies and the owners of the shares would have to pay 298.5 + 390, or 688.5 million marks. The dividend amounted to 1,220 million. It

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-44So, after deducting taxes, 531.5 million marks remain, from which income taxes, wealth taxes, etc., would still have to be paid. 5312 million marks calculated on a dividend-eligible capital of 15 billion results in an interest rate of 312 percent. It is clear that under these circumstances, it would be more advantageous for the German capitalist to withdraw his money from industry and invest it in foreign government bonds, which will probably continue to bear interest at least 5 percent for a long time to come. This is expropriation, but a misguided and poorly executed one. It ruins capitalist private industry without replacing it with anything else.

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Reconstruction. The Problem. Berlin, April 4, 1921. The problem of reconstruction does not coincide with the problem of reparations. The latter is a demand made by the victors upon the vanquished. It relates to destroyed property and also includes a series of demands, such as war pensions, that are only loosely connected with reconstruction. Reparations, on the other hand, omit much of what belongs to reconstruction without directly representing assets destroyed in the war, and it completely ignores reconstruction outside the devastated territories of the Allied states. Apart from the destroyed property—that is, things that were previously present and are no longer there—the world economy shows a deficit resulting from the fact that industrial activity was interrupted for years. To take an example, the number of completely or partially destroyed dwellings in France and Belgium is 660,000, while the total need for new housing in these countries is probably not less than one million, and the shortfall for Europe as a whole, at three million, can hardly be estimated as high. To properly grasp the production problem of reconstruction, one must first eliminate everything that is not related to the material restoration and simultaneously consider the losses caused by the interruption of world production. The world's need for new industrial facilities, housing, and consumer goods is difficult to determine mathematically, but it is certain that it is reaching colossal dimensions. I have already indicated above how the construction industry is doing. There is a shortage of everything, not only furniture and household goods, but above all clothing and linen. Everything has been demolished.

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--46 consumed, must be supplemented. To illustrate, some figures from Germany. Before the war, our country imported 1.3 million bales of cotton annually from America alone. This stopped with the war. The shortfall is therefore 7.8 million bales up to the end of 1920. What we have imported in the meantime is hardly significant. It was approximately 100,000 bales in 1919 and about twice that amount in 1920. Our shortfall is so great that we alone could consume two-thirds of the entire American cotton harvest at once, not counting our cotton imports from other countries. Cotton spinning, however, has been interrupted everywhere for years, and the shortage must be much greater in England, since Great Britain operates five times as many spindles. It is the same in all things. Even if demand cannot be precisely determined mathematically, it is certain that it far exceeds the pre-war level of world industry. The technical difficulties lie in the fact that what has been destroyed and neglected for years must be made good in the shortest possible time. Let us now look at things a little more closely. As far as raw materials are concerned, a general reduction in world production has indeed occurred. However, due to its agricultural nature, this decline began much later than the decline in world industry and has not been consistent with it. Therefore, if one takes the world market as a whole, there is no shortage of raw materials, but rather a surplus, especially in the textile market. There are so many raw materials available that processing can be resumed on the broadest scale. There are no technical obstacles from this side; on the contrary, the raw material producing countries are pushing for the rebuilding of world industry, because otherwise it would have to collapse under the weight of the economic crisis. Naturally, given the state of its technical facilities, industry needs plenty of time to

47 accumulated raw materials to make up for what had been neglected during six years and to restore what had been destroyed by the most powerful means of destruction during the four years of the World War. To accelerate the work, it is necessary to distribute it among all industrialized countries according to the available productive forces. Overburdening a country, such as Germany, with reconstruction contracts would not accelerate the completion of the task, but rather slow it down. But this is what happens if Germany is imposed an excessive amount of war reparations. For when Germany is told to "pay," it means "work." It boils down to Germany increasing its production, developing its industry, and increasing exports in order to achieve the value it has to pay its creditors. The billions received from Germany will have to be largely repaid to Germany in order to buy its goods. And if that isn't done, Germany won't be able to export and therefore won't be able to pay. And if the payments imposed on Germany exceed its capacity, its industry will also fail, and the whole thing will come to a standstill. The strangest thing is that, while demanding large payments from Germany, they simultaneously want to restrict the development of its industry. Germany is supposed to increase its production without developing it; it is supposed to pay without receiving income. And because we expose this

absurdity, we are getting a beating. But you can beat the horse to death, but that won't get you anywhere. Another, and certainly legitimate, point of view is the claim that France wants to use the reconstruction of the devastated territories primarily to employ its own workers and develop its own industry. That is quite true. And since the reconstruction is being done with the most perfect means of modern technology, it cannot be a simple restoration of what was

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--48act, but French industry must be brought forward; it must be placed on a higher and broader basis. In this way, reparations would become a spur to lasting development. France would gain industrial strength and be able to resume competition on the world market with more advantageous means. But precisely for this reason, France cannot manage reconstruction without the comprehensive cooperation of foreign labor and industry. If it were to do the entire work alone, this would delay its completion. It would also inevitably result in hasty and consequently poor execution. This danger is particularly acute in the construction industry. This delay and deterioration would also be harmful in that French industry could be overtaken by others in the meantime. Another danger is that if France excessively demands its own labor force and industry to carry out the reconstruction work, it would not have enough employment for the highly developed industry and dedicated workforce after the large contracts have been completed. Thus, there would first be a labor shortage during reconstruction, then unemployment after the major projects had been completed. Naturally, the work would also be more expensive under these circumstances. It is therefore entirely wrong for France to oppose, for national reasons, the employment of German or other foreign workers in the reconstruction of the devastated areas. If German industry supplies machinery to France, it promotes its productive development and thus the strength of France; if German workers build houses in France, they promote prosperity and thus the strength of France. A rational distribution of work among several industrialized countries is the most important problem of reconstruction. In this way, the fastest, best, and cheapest execution is achieved and the continuous development of industry is ensured.

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-49 A particular technical difficulty of reconstruction lies in the labor question. The war has brought with it many human losses and even greater losses of labor, since many of the surviving combatants have lost their ability to work completely or partially. We must therefore use human labor very economically. Therefore, it is necessary that the factories considered for the work be concentrated as much as possible and operate with the most advanced technical means. This also ensures the best possible utilization of the available technical facilities. Therefore, the

highest possible technical performance, fewer workers, but quality work, and the highest possible pay for each individual. The fact that reconstruction involves large-scale orders is already a major factor in accelerating and reducing the cost of production. Of course, one must be careful not to conform to a template. National peculiarities, the sense of beauty, local needs, differences in taste and opinion, the desire for personal distinction—all of this must be fully taken into account. But even then, if large orders are undertaken at once, enormous savings in time and labor can be achieved. The world economy can and must be rebuilt in a form that meets the highest demands of modern technology and culture. The destroyed settlements should be rebuilt, but their inhabitants should at the same time be compensated for the suffering they have endured by receiving housing, transportation, and other facilities that meet the requirements of social hygiene and the sense of beauty of our time. Not makeshift shacks and rags that barely cover nakedness, but beautiful houses, green gardens, and good clothing, electric light, sanitation, and good schoolhouses. Reconstruction should raise industry, national prosperity, and civilization to a higher level. We possess the technical means to do this. Let us now consider the economic difficulties that stand in the way of solving the problem. Parvus

50The economic difficulties and the foreign exchange question. The main difficulty lies in establishing the connection between the existing productive forces and the existing demand. In times of normal capitalist development, this occurs—more or less—through world market transactions. Where there is demand, production begins, and where there is production, it forces a market by opening up new markets, reducing prices, or cultivating new needs. But the world market is torn apart, both materially and legally, and the conditions for its operation must be restored. The general indicator of this uncertainty in world market conditions is the uncertain exchange rate. The foreign exchange misery began with the suspension of the gold redemption of banknotes right at the beginning of the war. But if this suspension had not been implemented legally, the gold standard would have been automatically abolished very quickly by depleting the gold reserves. This proves that the gold standard was only the safety valve, not the security. This lay in the existing forces of world trade, in the security of private property, and in the financial order of the most powerful states—a view I have advocated academically for years, including in the implementation of the gold standard in Russia. Since the World War brought with it the uncertainty of all the above-mentioned conditions, the gold standard was exposed. The attempt to confiscate gold in order to replenish reserves and thereby support the gold standard was a childish undertaking that only demonstrated how little awareness of the real interrelations was in leading circles. Along with the abolition of the gold standard came the war debts. They were incurred to pay the bills of army suppliers. However, since all war armaments and other army supplies were destroyed and consumed in the war itself, there are now no industrial equivalents to offset the enormously increased monetary debt of the war. If commodity prices had been stable,

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51, a tremendous surplus of money would have appeared on the capital market as a result. Therefore, commodity prices rose, and the foreign exchange rate fell. However, commodity prices rose unevenly. Inflation began with the army and was further aggravated by the fact that the army leadership lacked sound commercial judgment and generally operated wastefully. The further spread of the price surge varied across individual branches of production and occupations and was also contained by government pricing policies, but with varying and, above all, temporary success. The uneven course of inflation resulted in fluctuations in prices and exchange rates. The workers were the last to suffer. This happened mainly after the war. During the war, the masses of the people were state pensioners. Now a flood of wages began, which also had a very different impact on the various branches of production and professions, throwing all commercial calculations into disarray. Inflation also varied in different countries, depending on their relationship to the world market, their position in and during the war, their military and financial commitments, etc. Thus, even greater price fluctuations and larger exchange rate movements developed on the world market. Then came peace, which pushed the defeated countries politically and economically far below the level of both the victorious and the neutral countries. This pushed exchange rates down in one direction and caused a further increase in commodity prices. As long as these factors persist, there will be no peace on the money market and consequently no security for world market trade. Business uncertainty is so great that all entrepreneurial spirit has been extinguished. People no longer dare to undertake anything.4*

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52—For example, there can be no doubt that if houses are built now, tenants will also be found. Why, then, is there no construction, or almost no construction at all? Because no one knows how land prices, raw material prices, wages, and credit conditions will develop in the near future—not in the least under the influence of exchange rate fluctuations. It is the same with the textile industry and everywhere else. The uncertainty of tax conditions also contributes greatly to the uncertainty of the business situation. Hence, despite the enormous demand left behind by the war, industry is stagnating and not only failing to catch up, but falling short of even the most modest immediate needs, while millions of unemployed people search in vain for employment. Market demand pushes for production, the accumulation of raw materials pushes for production, the oversupply of the money market pushes for production, unemployment pushes for production, but production does not materialize because the connections of world market trade have been torn apart. The average capitalist, indeed the individual capitalist in general, cannot cope with these difficulties. To solve the problem, it is necessary, above all, to form a strong

corporation that resumes industrial activity with large resources and widespread diversification. The corporation must be large enough to be able to balance fluctuations in commodity prices and the money exchange rate within itself; it must be its own supplier of raw materials and its own banker, and, if possible, on an international basis. It is clear that such a group would also offer the greatest guarantee for the cheapest prices and the best and fastest execution of work. It would represent a moment of trust, a solid basis to which secure business transactions could be established. Due to the large dimensions of its production activities and its international relations, the group would also be able to directly regulate commodity prices and exchange rates.

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53 All this will prepare the ground for securing the currency and reintroducing the gold standard. However, the prerequisite under all circumstances is that the debt economy of states be put to an end. Regardless of whether it is this or that state, Germany or France, every billion of new government bonds thrown onto the market depresses the money rate and disrupts price movements. National debt must not be increased, but paid off. Likewise, limits must be placed on banknote issuance and tax fabrication. We must find peace. The struggle is about stabilizing trade and monetary conditions, which also includes the state tax system. The reconstruction of devastated areas. The more generous the outlines of the undertaking for the rebuilding of world industry are, the more quickly and effectively the problem will be solved. But between this ideal and reality lie a multitude of difficulties and also possibilities. Furthermore, the moment of development must be taken into account. The large-scale corporation will only be able to fully impact over time, after experience has been gained and closer cooperation has been achieved. To demonstrate the effects, let us first consider a corporation for the reconstruction of the devastated areas in France and Belgium. Such a corporation would first seek to obtain a precise account of the work to be carried out. This is easiest to determine with regard to residential buildings and industrial facilities. The corporation would examine the conditions on site and agree with the interested parties on the plans and all details of the work to be carried out. An overview of the required raw materials, technical resources, and labor could then be drawn up.

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-—54At the same time, the concern acquires an overview of the technical resources at its disposal. These are the facilities of the enterprises affiliated to it. A general work plan can now be drawn up. The production and labor potential of France and Belgium are primarily taken into account. The capital of the concern consists of the capital of the enterprises affiliated to it. It would take too long to go into details of the internal organization, which may be more or less

loose. The main thing is that every affiliated enterprise must participate in the overall profit of the concern. This creates a common business interest. An organization is conceivable in which each individual company works entirely on its own account, contracts are awarded within the group itself by tender, and only a certain percentage of the price is paid into the common fund. What matters is that the companies in the group are jointly liable, that the work is recorded in its entirety, and that a work and business plan is drawn up from this perspective. The group would be able, for example, to calculate how much construction iron, sheet metal, pipes, and wire are needed and distribute these mass orders among its members according to determined types or outsource them. After examining the construction plans, it would determine the types for doors, windows, frames, etc., thus enabling series production. It would regulate the supply of materials and save freight costs. And much more besides. Under these circumstances, every entrepreneur will easily see that they can work much more profitably within the group than outside it. The benefits for the community are obvious. The corporation will introduce technical improvements where this proves advantageous for the implementation of the general work plan. It will establish new enterprises or provide existing ones with the capital necessary for expansion and improvement.

55The corporation will have cheaper credit than the individual entrepreneur without a corporation. It will also turn primarily to the public to raise the necessary capital by issuing shares and bonds. I repeat the suggestion I made elsewhere to issue shares with a guaranteed minimum interest rate. The new capital that the corporation may require will not be relatively large. For the capital stock is provided by its own investments and the other assets at its disposal. However, since these are orders for the long term, it will have to set its working capital so large that it does not need to rely on the income of a single year. It can do this, and this also represents an eminent advantage over the individual entrepreneur. Means of payment. In normal times, when industry sees a need or believes it can create one, it produces without asking too much about who will pay for it and how. It relies on the free play of the forces of the world market. That it has generally not been mistaken in this is demonstrated by the magnificent development of our material culture. Our cities, railways, etc., bear witness to the fact that industry has not been mistaken. I attempted to scientifically clarify how things are actually connected in my 1910 work, "The State, Industry, and Socialism." The solution to the riddle lies, in large part, in the fact that the producers are paid and, as consumers, themselves represent the market demand. Certain disturbances arise from the uneven distribution of the output of production and the complexity of the world market. But this is only incidental here. In the case of the reconstruction of the destroyed areas, we now have the additional advantage that the victims are paid the sum necessary for reconstruction by the state. Of course, the state cannot pull it out of thin air. Whether France itself

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--56 pays or is paid by Germany, the capital must be earned, must be obtained from production, without which it does not exist. However, there remains the advantage that the states guarantee payment for the reconstruction of the destroyed territories. This is a security factor that is of great importance under current conditions. However, if all circumstances are not taken into account, major disruptions can also arise from this. The Allies have estimated the amount of compensation for the destruction and are demanding that Germany pay this sum in money. Whether the entire capital is paid out immediately or annuities are paid that can be capitalized does not change the matter much. What matters is that in this way, the capital value of reconstruction comes onto the money market even before the reconstruction itself is completed. Thus, masses of money are once again coming onto the market, without any industrial equivalent. So, another massive flood of money with the familiar, uncanny consequences of falling stock prices and rising commodity prices. If the war debts represent nonexistent past values, the compensation sum represents future values that don't exist in the present, and both will combine to drive the money market out of control, while stabilizing monetary conditions is the most important prerequisite for reconstruction. Wild speculation will set in, driving up all prices, disrupting reconstruction efforts, and the victims will be further disadvantaged by having to pay the labor costs. Imposing gold payments on Germany doesn't improve the situation; rather, it worsens it. For it introduces a new element of uncertainty. German payments then vary with the exchange rate, and if the German exchange rate falls, greater quantities of German banknotes will come onto the market. Ultimately, Germany will only pay through payments in kind and labor, regardless of whether it delivers them directly or first exchanges them for money. But the higher the monetary compensation that Germany has to pay and the greater the monetary flood

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57-of the market, the higher German achievements will have to be valued in money due to the general price increase. Germany will suffer most from this general confusion, as it will be the most disrupted in the reconstruction of its industry. Alongside Germany, this will also affect the interests of the devastated regions, who, after a period of insane monetary speculation, will ultimately sit on the ruins of their former fortunes without money, without reconstruction, and without prospects for the future. Therefore, it is above all necessary that the victims be paid not in money, but in orders for reconstruction. The settlement can be made in money, but the victims should not receive money, but rather vouchers to be redeemed upon completion of the work. This is advisable simply because the compensation amount, even apart from the arbitrariness of the individual calculations, cannot be decisive for reconstruction at all. The compensation amount shows, at best, what the destroyed goods might be worth at this moment. What their

value will be in the coming years, apart from fluctuating exchange rates and general changes in world market conditions, no one can currently determine. What matters is the cost of reconstruction. These costs will also change over time. Simply forming a reconstruction corporation would reduce the costs considerably. Continuing the work would reduce them even further. What reconstruction will cost will only become clear once all the work has been completed. The voucher gives the injured party complete certainty that their lost property will be restored in top condition. France calculates its property damage at 135 billion francs. No one knows what a billion French francs will be worth in a few years, but it will always be, assuming adherence to the base number, one hundred and thirty-five of the total value.

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58 of reconstruction, and accordingly any other figure for which the voucher will be denominated. The process would proceed in such a way that the injured state pays the invoices of the reconstruction concern and thereby redeems the vouchers of the individual victims. The injured state, on the other hand, presents the concern's invoices to Germany in order to obtain the necessary payments from it in accordance with its obligations. But how should the vouchers be converted to the actual value of reconstruction? An exact conversion of all current estimated prices to the later actual production prices would be too complicated and is not even necessary given the large billion-dollar calculations involved. It is sufficient to create an index based on the most important estimated prices. A corresponding index is then created for the actual costs, and the ratio of the two gives the ratio at which the vouchers are exchanged. Let us set the index of the estimated values equal to one hundred. Let us assume that the index of real prices is 80, the exchange of vouchers for the company's invoices will be 100 to 80, i.e., for 800,000 francs of invoices, one million francs of vouchers will be exchanged. The vouchers should remain outside of capital transactions. They entitle only to benefits in kind and are not redeemed for money. Under these circumstances, the nominal amount of compensation is of secondary importance. However, in the interest of restoring normal monetary conditions on the world market, it is advisable to examine the estimates carefully in order to dispel any fantastic figures. The introduction of vouchers will put a stop to speculation in compensation claims, which could be disastrous, especially for smaller parties. On the other hand, the rational reconstruction of the entire population will provide worthwhile employment and income. The individual injured party will therefore be able to improve his situation by saving his earnings in addition to the compensation to which he is entitled.

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59 Germany and Reconstruction. Germany finds itself in the peculiar and very difficult position of having to pay for the Allies' war damage, in addition to rebuilding its industry. It is therefore urged to achieve the greatest possible performance from its technical resources and its workforce. The reasons for forming a reconstruction concern are therefore all the more compelling here. Whether in association with an international concern or without it, with or without state participation, German large-scale industry must at least be consolidated and technically organized for the purpose of reconstruction. A movement to this end, incidentally, is already gaining ground with enormous resources, initiated by individual big capitalists. As far as reparations are concerned, their limits are limited by the productivity of German industry. If one were to take German industry as it now stands after the war, one would naturally obtain a relatively lower productivity. Therefore, the reconstruction of German industry is an important prerequisite for reparations, or rather, both must go hand in hand. The more the Allies support German industry with orders and credit, the more they will get out of Germany. Given this, the following thesis can be put forward: Germany is likely to be able to compensate the Allies for all the material damage they inflict through deliveries within a not too long period of time. The German government will guarantee the deliveries. Calculation is based on the world market price or, in the case of the formation of an international reconstruction concern, according to the price standards established by it. Payment is made by the Allied governments, which accept the work. The Allied governments then present all invoices for the ongoing reconstruction—both German, domestic, and other—to the German government, to which they deliver the redeemed vouchers from the victims after payment has been made.

Germany will have to pay in any case. But the proposed procedure offers a number of advantages for Germany and the entire world. First, Germany will not have to scour the entire world market for its goods to raise the funds it owes the Allies, but will have a guaranteed market from the outset thanks to the payments in kind. Second, Germany will have the incentive to reduce the compensation amount by improving its production. Third, the world will not be flooded with nominal monetary values. The main thing, however, is that the capital used to rebuild the destroyed areas will simultaneously serve to employ German producers—to the extent of the German payments in kind. This will eliminate the stigma of Germany simply being pumped dry. No, it is a matter of joint effort in reconstruction, although Germany bears the greater burden. From a business perspective, the matter is sound. The German state can pay for the supplies for the devastated areas just as well as it previously paid for its army supplies and naval construction. The question is simply how far its solvency extends. Under current conditions, the solvency of the German state is as minimal as the productivity of German industry. It will increase with reconstruction if no overload tests are carried out. However, the German state, for its part, must also promote the recovery process through a sensible fiscal policy. Instead of decreeing taxes haphazardly, a tax reform is necessary that takes into account both the solvency of the masses and the productivity of industry. A suitable starting point for

such a tax reform is the Reich Emergency Relief Fund. The Reich Emergency Relief Fund encompasses the entire wealth of the German people. The tax rate goes up to 65 percent of wealth. It is a textbook example of a tax that fails because it is excessive. For it is clear that one cannot impose taxes on a business.

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61 cannot withdraw 20 percent of its investment capital, let alone 65 percent, in one fell swoop without driving it to bankruptcy. Therefore, the provision has been made for the tax to be spread over 30 years. The wealth tax is allocated to income. On the other hand, however, this conversion is considered a deferral of payment, and the taxpayer is charged interest on the outstanding amount. I will spare the reader further technical details. In short, it is a complicated and confusing system that, in addition to the excessive tax burden, also creates numerous nuisances. However, through the Reich Emergency Relief, as already mentioned, the state's right to the assets of all residents is established, up to 65 percent of these assets. Therefore, I propose that this right of the state be actually used, but in a way that does not disrupt or harm industry and businesses. For this purpose, it is sufficient to convert the Reich emergency levy into a state share in the business. The Reich emergency levy should not be levied, but credited to the state. I will illustrate this with an example. If someone owns a factory, a trading business, or real estate worth one million, they currently have to pay not quite 250,000 marks in Reich emergency levy. I now propose that this sum should not be paid out, but credited to the state as its share in the enterprise. The company's capital will thereby be increased to 1,250,000 marks, and the state will be entitled to 20 percent of the profits. The enterprise can operate as before; it loses no capital, is not disturbed in any way, and only, after all business has been completed, pays a portion of its net profit from the dividend to the state, as to every shareholder. The conversion of the Reich emergency levy to state capital participation is easiest to implement in joint-stock companies and other commercial companies. On the contrary, the Reich Emergency Victims Act makes the physical person, not the legal entity, the main tax payer—that is, not the stock corporation, but the shareholder. This would have to be amended accordingly. The individual entrepreneur, who

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-62own capital, on the other hand, should be protected as much as possible. Trading companies also clearly offer a much better means of controlling their business practices. Small and medium-sized enterprises should be given special consideration. What is most important is to encompass large-scale industry. I am omitting much else, as in this context it is only a matter of establishing the basic principles. In this way, a lucrative source of revenue can be opened up for

the Reich, which, without burdening production, would yield increasing returns with the progress of reconstruction. It is obvious that with the progress of reconstruction under the given conditions—that is, through contributions in kind and the promotion of German industry—the state railways will no longer run a deficit but, as before, will deliver surpluses. The same applies to the other existing sources of income from employment in the Reich and the federal states. It is in the hands of the Allies to stifle or encourage this development. Now the Allies say: "We want to participate in this development; our war damage is so great, our finances so devastated, that we cannot forego the most extensive recourse to Germany, which we see as the main culprit in the war, and we want to increase our receipts from Germany with the progress of its productive development." To this end, the Allies proposed the twelve percent levy on German exports. The Allies undoubtedly possess the power to impose their will. But the means they want to use are wrong. The proceeds from the export of goods are not yet net profit; rather, they are earned primarily to cover the production costs of the goods, i.e., wages paid, raw material consumption, etc. Given the fierce competition that existed before the war, one can expect little more than 20 percent of profitability. Therefore, if goods worth 1,200 million marks are exported, this represents 1,000 million marks.

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63 production costs and only 200 million in profit. Let's now see how the calculation works with a 12 percent export tax. To achieve 200 million in profit, a corresponding amount of business capital must be put into motion. Share capital in Germany before the war averaged 10 percent interest. Behind the 200 million in profit, there would have to be a capital of 2000 million. What interest would remain on this capital after deducting the 12 percent tax? This, calculated from the total value of exports, which in our example is 1200 million, amounts to 144 million. Therefore, only 56 million of profit remains, namely 200 less 144. If we distribute these 56 million over the business capital of 2000 million, this results in an interest rate of 2.8 percent. That would mean the bankruptcy of German industry, since no capital could be raised at that interest rate. Now, it was said that this was merely a calculation, the export tax could be passed on by the state to the entire industry. Then let's go straight to work and secure a share in German industry. The way to achieve this is opened up by the German state's participation in industry, as I propose through the conversion of the Reich Emergency Relief. But it would be of no use to the Allies if they simply allowed the German state to cede its presumptive shares in industry. After all, Germany needs this revenue to pay for deliveries to the devastated areas. If one wants to gain more from Germany, one must put its industry on a broader basis. No matter how one twists and turns the problem, one cannot get away from it: Germany can only pay if it works; the more one develops its industry, the more one gains from it; the more one hinders the development of German industry, the more one suffers.

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64-If one wishes to participate in Germany's productive development, one must first approach German industry not with monetary demands, but, on the contrary, one must grant it credit. Then a production base can be created that is broad enough to fulfill all reasonable wishes. As we have seen in the course of this presentation, there are more than enough orders for industry. The Allies therefore need not fear that they will allow their own industry to decline by promoting German industry. Rather, they will perfect their technology through German machinery deliveries, they will increase their productivity through the rational distribution of orders, they will relieve their countries of the surplus of money capital, and they will find productive capital investments that will enrich their countries. We have seen that the work of reconstructing the devastated areas constitutes only a fraction of the total activity of reconstruction. According to Allied estimates, the cost of compensating for material damage in the devastated areas is likely to amount to approximately 100 billion gold marks. We have determined that the other shortages of housing, clothing, etc., caused by the war are even greater. If we assume the same figure for these, the total comes to 200 billion gold marks—all orders for global industry. Now consider, too, that the war has shaken the entire world economically. New life is stirring everywhere. The African Negroes and the other semi-civilized peoples who helped the Allies defeat Germany returned home with new habits and new needs. They demand European industrial products. In the newly founded states, a strong national aspiration is stirring, which, once political conditions have stabilized, will lead to increased economic activity and, with it, initially, to increased industrial demand. And then the immense Russian Empire! Tsarism is gone, and from the Bolshevik anarchy a peasant and industrial Russia will rise. And

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65 This Russia alone needs another 200,000 kilometers of railways! Based on the peacetime value of German railways, that's another expenditure of 60 billion gold marks. Think of Central Asia, Siberia, and China, which has been opened up by the industrial revolution! Plenty of work wherever you look. Employment for everyone. The greatest opportunities for industrial development! The World War left behind an enormous amount of industrial orders and tore down the last barriers to the world market. Now it's time to reconnect the connecting wires of world trade and world industry that were torn down. Let the productive forces work again: labor, industry, and technology—that's all. There is no other solution. Monetary calculations that are not based on the development of industry are soap bubbles. How has the world achieved wealth and prosperity so far? Through industry! What was Europe at the beginning of the last century? A poor country with a sparse population, poor housing, no transportation, no light, no schools. Who transformed all this? Labor and industry, and did so on their own, without first asking who would pay for it. Who made America great? The millions of immigrants, most of whom came to

America penniless, but with hard-working hands, an ambitious spirit, and the will to prevail, which in the New World was unhindered by artificial political and legal barriers. Labor, industry, technology, science, personal freedom, protection of person and property, a democratic constitution—these are the true conditions for reconstruction. Finally, I would like to briefly summarize the practical proposals we have arrived at in the course of this study: 1. Reconstruction is best accomplished by an international corporation that considers the entirety of the work to be carried out, draws up a work plan, and implements the Ar-Parvus5

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66 labor will be distributed among the individual industries, either directly or through tender. 2. The victims in the destroyed areas will not be paid through immediate cash transfers, but through vouchers that are redeemed upon completion of the work. 3. Germany will pay the costs of reconstructing the destroyed areas according to their actual value and will receive the vouchers. 4. To enable Germany to pay off its debts through contributions in kind and labor, German industry should be granted a corresponding share in the reconstruction work, either through inclusion in the reconstruction concern or through free competition. 5. German industry should in all cases be consolidated for the purpose of reconstruction. The German state can participate by converting the Reich emergency offering into a capital stake, or by other means. 6. If the Allies wish to obtain further payments from Germany or secure a share in its production development, German industry must be placed on a broader basis. The possibility for this is provided by the great work of reconstruction in general.—

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A Policy of Hastiness. Berlin, April 6, 1921. Our correspondence with the United States bears clear traces of hasty work. This is the only explanation for the intrusion of statements such as the one that there is little real interest in reconstructing the devastated areas of France. The opposite is true, as we have just heard from the statements in the French Chamber. The population of the devastated areas is close to revolting if reconstruction is not finally taken seriously. The fact that a number of victims have found emergency accommodation in central France is no proof that they have established a secure existence for themselves. For the time being, by relocating, they have only increased the housing shortage, even in the war-untouched areas of France. These people are not even thinking of relinquishing their claims. That certain speculators are trying to profit from both reconstruction and non-reconstruction applies to France as much as to Germany. To present this as determining the policy of France and the Allies in general is just as false as the claim of French chauvinists that Germany is falsifying its state accounts in order to avoid paying, that it is feigning misery while in reality reveling in

prosperity. Quite outrageous, however, is the insinuation that France is delaying the reconstruction of the devastated regions because it needs a "means of agitation." And all this in a document that, after all, has a diplomatic character! Our entire foreign policy of recent times has been composed of hasty decisions. Our first offer in London was hasty, our second offer was hasty. The effect of this can be seen from Briand's speech in the French Chamber. We have placed ourselves in the wrong and brought the odium upon ourselves.

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-68 accused us of having brought about the collapse of the negotiations in London, while in reality the Allies were preparing the break. Our counter-calculation of 21 billion was also hasty. For one need only compare the calculation of the value of our merchant fleet in our bill to the Allies with our own calculations in the bill for the reconstruction of that fleet to be convinced that the figures do not agree. Even in its positive proposals, the letter to America contains another hasty suggestion, namely the promise to subject the examination of our financial capacity "to the judgment of impartial experts." Who is an expert? Who determines that? What should the composition of the examination commission be? And if it comes to the conclusion that we could pay so much, would that already constitute the fact that we can actually pay? Should a consortium of experts replace the previous negotiations among the participating states? Commissioned by whom? With what authority? And should we assume payment obligations even if, despite the experts' judgment, we cannot pay according to our own better knowledge of the circumstances? All these questions have been asked. Apparently, they weren't even presented. Nothing but hasty decisions! And the result of these hasty decisions is surprises. But so far, these haven't turned out to our advantage.

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Reparation and the Voucher System. Berlin, April 13, 1921. In order to at least resolve the dispute over the figures for calculating material damages, I have proposed that the German government undertake to bear the actual costs of reconstruction, and that those entitled to compensation should initially receive vouchers for the estimated amount of compensation, to be redeemed to the extent of the actual reparations. The proposal has been favorably received in the German press, but doubts have been expressed as to whether the French government will accept it, since the French government is supposedly less concerned with the compensation itself than with calculating a large sum of compensation. This objection, however, overlooks, above all, the obligations the French government has assumed toward those entitled to compensation. The injured parties have, under French law, a guaranteed right to the full payment of the compensation, as determined by the appointed valuation tribunals. And these

estimates also form the basis for the compensation sum that France is demanding from us. Whatever the French government receives from us, it must therefore legally pay out to the injured parties. However, a calculation of the total damages has now been presented to us, although the estimates are not yet complete. The injured parties have been told that the calculation of the basic sums will take the entire year of 1921 and that no date can yet be given for the calculation of the additional claims—that is, the difference between the peacetime value and the current value. So there is certainly the possibility of the compensation claim—

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70 to us to round up significantly, although there may be different opinions as to who owns the difference. But that is by no means decisive. The main thing is that the estimates, as actually made, are also exaggerated. They cannot be otherwise, since they involve calculations with many unknown variables, drawn up at the time of greatest inflation. Furthermore, a large-scale organization of reconstruction can achieve a significant reduction in costs, which is also not taken into account in the estimates. If excessive compensation sums are given to the injured parties, this will not only result in difficulties for Germany in raising the money, but also in great disadvantages for France and the injured parties themselves. The first consequence would be a further increase in prices, a progressive devaluation of money; the second, the spread of rampant speculation in compensation claims. The French government itself fears this. It has therefore already subjected the trade in damages to certain restrictions through existing law and made payments dependent on the completion of reconstruction work. However, these measures remain without decisive success as long as the holder of the damages title can claim the full value of the promissory note issued to him, regardless of the actual cost of reconstruction. This situation is remedied by my proposal for vouchers. The injured party receives the highest amount of compensation in the voucher. He is covered in all cases. In reality, he receives the actual value of the damage restored or replaced. To the outside world, that is, to Germany, the settlement is as clear as possible. The dispute over the amount of compensation for material damages has been resolved. Now the Allies have further financial demands on us. It would be pointless to dwell on this. We must pay what we can. But it is clear that if the costs of material damage are reduced to their true extent, a

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71greater scope for further contributions remains. And these contributions will be able to be increased even further the more German industry participates directly in reconstruction and the more its development is promoted. From this point of view, I believe that our Government could declare: 1. that it is ready and able to bear the entire cost of physical reconstruction; 2. that it is

prepared, in order to settle the dispute over the amount of compensation for material damage, to carry out all reconstruction work itself; 3. that it is prepared, if a combined system is applied, to pay all invoices presented to it for work actually carried out and deliveries made, provided that these invoices are based on current world market prices; 4. that it is prepared to involve the Allies in Germany's progressive industrial development; 5. that, in order to make financial resources available to the Allies immediately, it was prepared to borrow the largest amount realisable on the money market, provided that its obligations to the Allies regarding ongoing payments and services were not thereby affected.

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Sober Reflections. Berlin, April 30, 1921. Minds are heated by passions. For us, it's fear of the future; for the French, anger at the past. Both cloud our vision. One no longer sees anything in its true dimensions and colors, but everything is exaggerated and distorted. Dream visions dominate public opinion on both sides, and dream interpreters have the upper hand. I will try to bring some sober daylight into this realm of visions. 1. The Reichsbank's gold. France demands the release of one billion of our gold reserves. Legally, since the Reichsbank is a private company, the situation is such that France could just as well demand the release of all the stocks of our jewelry stores. But aside from that, we want to treat the matter purely from a fiscal perspective. Our Reichsbank Director, Havenstein, declared that this was impossible; it would immediately bring down our currency exchange rate. The Reich government shares this view and is trying to scrape together a billion from our foreign assets so as not to touch the gold reserve. And it doesn't realize that if it extracts a billion from our limited foreign currency, it will inevitably bring down our exchange rate. On the other hand, the gold reserve is of no use to us as long as we don't use it.*) For the same reason, it would be of no use to France if our money were transferred to Cologne or Paris. France would therefore never be able to resume its gold exchange. The gold would lie just as useless in Cologne as the gold of the Bank of France lies in Paris. The moment to accumulate gold treasures has not yet arrived, for France or for us. It is*) The billion has since been paid, and the exchange rates have fallen.

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---73It is more advantageous for France to put a billion into circulation than to increase its gold reserves by a billion. The restoration of the gold standard can only be achieved on an international basis. And if it comes to that, the necessary gold will also be obtainable. A billion of gold is the same for the world market as a billion of copper or rubber. When Russia switched to the gold standard, it built up the largest gold reserves in the world in just a few years. Yet Russia's foreign trade lags far behind that of France and Germany. What matters, apart from the

general security of trade and property, is the balance of trade and payments. Mr. Havenstein, however, believes he cannot discount bills of exchange unless he has a ton of gold. The whole argument is about nothing. But how much this complicates understanding! 2. The Ruhr region. France imagines it can extract billions from the Ruhr by imposing high export duties on its exports, especially coal. But if the price of coal could be significantly increased, we would have done it ourselves. In reality, the era of rising coal prices is over. The limit of the increase in coal prices is limited by the potential for industrial utilization of coal. It has an even lower limit in competition on the world market. Why, for example, should Hamburg import the more expensive Ruhr coal when it was already supplied with English coal in peacetime? English coal went as far as Berlin and Saxony. Before the war, Germany imported 9 million tons of coal from abroad. France will not be able to achieve higher prices in the Ruhr than we can, but it will operate more expensively. And with the region, it will take on several million people who must be supplied. France believes it is acquiring a pawn, but in reality, it is taking on commitments that will cause it great anxiety. Financially, France would definitely be better off if we retained control of the Ruhr region.

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743. The general settlement. Whether the final sum of reparations in 40 or more years will amount to 200 or 226 billion is not the main issue; what matters are the annual payments. It is ostrich politics if we still refuse to accept this. We are being asked to make a minimum payment of 13 billion for the next five years. Will we be able to afford it? If we could have used the 22 years since the war to rebuild our industry, the answer could be unconditionally yes. Every day that passes in the death throes of our industry worsens the situation. So we will have to be helped out with a loan. Our payments in the first year, taking into account the rebuilding of our industry, are unlikely to exceed 1 billion. They could perhaps reach 2 billion next year, or at least the year after, so that in five years we could reach 8-9 billion. So we would be able to manage with a loan of 5-6 billion. We are being asked to pay more after five years. We admit that this is possible. However, the amount obviously depends on the development of our industry and the general situation on the world market. The Allies also admit this. However, they are demanding a debtor's guarantee. We have agreed to this. This is best achieved through Allied participation in our industry. What will this result in? That depends essentially on the thorough organization of our industry and its orientation toward reconstruction. The fact is that even the state cannot contribute more than what industry generates. If the Allies are involved in our industry, they can help ensure that it generates higher returns through broader development. But the Allies are demanding the guarantee of certain sums. These are: first, the fixed annuities, and second, a sum equivalent to 12 percent of the value of our exports. We don't know if our industry will spare that much, nobody knows. Therefore, I propose that fixed annuities be used as a minimum for our payments.

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75. If the Allied participation in our industry is less, the shortfall shall be supplemented from state funds. If the return from the participation is higher, it shall accrue to the Allies until the maximum amount is reached. The maximum annual payment shall be considered to be the fixed annuity plus a sum equal to 12 percent of our export value. If the Allied participation in our industry exceeds this maximum amount, the remainder shall be set aside in a reserve fund to cover future shortfalls. After the expiration of the entire payment period, the reserve fund shall be transferred to the Reich Government. Only one further condition would be added to these conditions, which arises from the nature of the determination of our payments to the Allies. The main part is the cost of reconstruction. These can be reduced through expedient industrial action. To the extent that this is achieved, the difference between the estimated value of the damage and the actual production value must be credited to us. These credits, like any surpluses from industrial participation mentioned above, are to be allocated to the reserve fund. If, on the other hand, there is a desire for an economic arrangement with us, one should believe that this can be achieved in this way.

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The Ultimatum. Berlin, May 6, 1921. It was our fatal mistake in London that we believed we could negotiate with the Allies when it was a dictate that we could only have improved by appealing to the interests of the Allies themselves. Our objective reasons would have made more of an impression if they had not been coupled with a formal refusal. Our assessment of our capabilities would have been more widely heard if we had not simultaneously blatantly inflated our bill to the Allies. We showed ourselves disoriented in every respect, without any points of view, and therefore without firmness, both in refusing and in giving in, and animated only by the sole desire to negotiate as much as possible. Thus, we made the worst impression and received a resounding rebuff, which, however, inspired the German Nationalists to an enthusiastic reception of our delegation. Dr. Simons acknowledged the letter to America, which was written in such an unusual tone and contained such serious accusations against the French government that it could not have been the cause of the war had we not already been flattened. After we had suffered the resounding defeat in London, it was absolutely necessary to bring about a change of government, or at least to reappoint the Foreign Ministry, in order to demonstrate our goodwill and pursue other paths. Instead, we continued to provoke the Allies in the manner described, without creating even a trace of real power, showing ourselves sometimes defiant, sometimes faint-hearted, and always unreliable. And now we have the ultimatum in full form, the harsh wording of which demonstrates the little trust the Allies have in the Reich government.

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--77Acceptance is bitter, not acceptance—there is no such thing as acceptance! We must let things take their course and place our hope in the fact that the settlement of our financial obligations to the Allies will create a common economic basis between us and them. For the Allies are also quite clear about this, and should they not be, practice will show them that if they want to obtain great achievements from us, they must promote our industrial development. I must refrain from going into the entire content of the ultimatum at this moment, since the official text of the ultimatum is not yet available. The most difficult point is the 25 percent export tax. But we were already given the option in London of replacing this tax with other guarantees, and according to private reports, this is also supposed to be the case now. Under such a premise, a solution can be found on this point as well. One could, for example, stipulate that the export tax should only be levied if Germany continues to fall behind with its payments in the future. There are other solutions to the problem. We should also be free to reach an agreement on our contributions in kind. But that is what matters most. It is already clear from these two provisions we have highlighted that the ultimatum only sets out the basic principles of the arrangement, and that after its acceptance by the Reich government, further discussions will have to take place to regulate its practical implementation. Hopefully, we will now finally be able to treat the whole thing solely from an economic perspective.

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What is demanded of us. Berlin, May 7, 1921. Our total debt has been assessed by the Allies at 132 billion gold marks. The payments we have already made are deducted from this. On the other hand, the Allies have additional accounts with us. How this balances out has yet to be determined. This calculation is primarily based on an estimate of the value of rebuilding the destroyed areas. The actual cost of reconstruction will be considerably lower, for reasons I have repeatedly discussed. This does not change the payment obligations imposed on us, but as the disproportion becomes apparent, public opinion must turn in our favor. This is small consolation, considering how cowardly world opinion cowers before the brutal call of the victorious soldiery. And yet things must change, or civilization would despair! These 132 billion are to bear interest at 5 percent and be amortized at 1 percent. Under current conditions, these would be reasonable conditions, if the debt had not been exorbitantly increased. Our total obligations amount to an annual payment of 7.9 billion. This is impossible for the foreseeable future. The Allies themselves admit it. Therefore, they are setting aside 82 billion of our debt. Should our previous payments to the Allies result in a remaining balance for us, this will be credited to the

set aside 82 billion. In any case, this leaves 50 billion for which we must pay immediately. The annuity for this 50 billion is 3 billion. We are now to commit ourselves to a fixed payment of two

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79 billion gold marks annually, plus a variable amount equivalent to 26 percent of our exports. It is therefore assumed that the equivalent of 26 percent of our exports will be at least 1 billion annually. If it is higher, we will not receive anything back, but the difference will be used to create a fund from which interest will be paid on the 82 billion set aside. The interest rate will be a maximum of 22 percent for the first five years, then 5 percent, to which, if promissory notes are issued following a resolution of the Finance Commission to be established, an amortization of 1 percent would be added. The interest on the 82 billion and the issuance of promissory notes will only take place if the necessary amounts are obtained from our annual payments of 2 billion fixed plus 26 percent of the equivalent of our exports. Therefore, we have to pay no more than 2 billion fixed and 26 percent of the equivalent value of our exports. Lloyd George assumes that the value of our exports will be 20 billion in gold. 26 percent of that is 5.2 billion. Add to that 2 billion fixed, making a total of 7.2 billion. That is still not enough to pay interest on the total debt imposed on us. It doesn't concern us at first, but it does extend the term of our indebtedness. However, I believe we will have to wait quite a while before our exports even reach this figure. Our exports in the first half of 1920 amounted to 1,770 million gold marks, according to official calculations. In the quarter from July to September, we exported 21,568 million paper marks, or approximately 2 billion in gold. Statistical data for the fourth quarter are not yet available. If we use the same figure there as for July-September, we arrive at the conclusion that the value of our exports in 1920 could hardly have exceeded 6 billion gold marks. From there to 20 billion is still a considerable leap. According to the terms of the ultimatum, our payments in the next few years should not exceed 32 to 4 billion gold marks.

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80 In peacetime, we had a peak export of 10 billion marks. Based on this figure, we would have to pay 4.6 billion annually. We would only have to pay more if our exports continued beyond the period of our greatest prosperity before the war. Under these circumstances, the Allies will not soon get around to issuing the remaining 82 billion promissory notes, but we must reckon with the fact that a perpetual debt will be imposed on us. Therefore, it will not serve us to allow us to amortize the 50 billion that will be issued immediately. We will only be able to relieve ourselves of our obligations to the Allies by taking out a loan under more favorable conditions, if the money market allows it, and repaying our entire debt to the Allies. Our right to repay our debt at any time follows naturally from the very nature of our obligation, but should be emphasized.

These are the financial conditions imposed on us. To facilitate a comparison with the Paris Agreement, we assume an average value of our exports of 10 billion gold marks. Then the total of our payments over the then envisaged period of 42 years would be 42 times 4.6, or 193.2 billion. According to the Paris Agreement, however, it would be 276.4 billion, namely: 226 billion fixed payments plus 42 times 1.2 billion export duty. This represents a reduction of 30 percent. With a higher value of our exports, the figures rise, and the difference decreases, but it remains even with an average export value of 20 billion gold marks.

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Consequences. Berlin, May 9, 1921. France will not extract the billions it needs from the Ruhr. If that were possible, we would have done it ourselves. What all of Germany cannot achieve, the Ruhr alone certainly cannot, and least of all under French tyranny. But Germany will be driven to complete ruin by the loss of its most important industries and by the experiments a desperate military state will conduct with them. What next? Will France reverse course when it has convinced itself that its policy of sanctions has failed? Not willingly! If only because of its prestige, which it is fully utilizing in this matter. What France is capable of when it believes it must maintain its political standing, it demonstrated during the war. But it cannot be overlooked that France will at least get something out of the Ruhr. It will have to contend with enormous difficulties of a technical, economic, and political nature, but it will at least increase its state revenue. This increase will not be enough to prevent France's financial bankruptcy. What will the consequence be? First, that France will have to stop paying interest on its war debt. This amounts to 11 billion paper francs, or in gold at the current exchange rate, approximately 5 billion. If France should find itself compelled to stop or limit its payments on the war debt, this will result in a significant relief for its budget. At the same time, the French exchange rate will fall rapidly. This would devalue France's internal debt, thus reaching the state it envies us. France's internal debt amounts to 6,000 francs.

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82over 200 billion. If the exchange rate of the French franc reaches the depth of the German mark, 160 billion will be "saved." The financial failure of the sanctions would thus be at the expense of the French pensioners who subscribed to the war bonds. And the foreign countries? They will rebel, but they will not wage war over the French war debt. The psychological momentum after the World War is too unfavorable for that. A war against the large military state of France would also cost more than the entire debt and would only exacerbate the bankruptcy. Moreover, if France rids itself of its internal debt through currency devaluation, it would presumably be able to pay the interest on its foreign debt. One reads a lot in the German press

about the plans of French industrialists to bring the entire coal production of the mainland under their control in order to develop the French iron industry and, with it, French industry in general. Although this is greatly exaggerated with the obvious, not particularly wise intention of frightening England, this is undoubtedly more than speculation. Such plans exist. How far they have progressed and how far they can be implemented is a question in itself. German coal lay in the ground for thousands of years without giving rise to an iron industry. The German iron industry is the result of the development of German railways and urban development, and of the German state. This cannot be replaced overnight. The first result of the French economy in the Ruhr will therefore be the bankruptcy of France. This will be followed by the restructuring of French finances and the expropriation of French pensioners. And then the industrialization of France will begin, which will then, however, benefit from the coal resources of the Ruhr. This development will proceed through strong internal and external friction. The whole world will turn against France because the whole world will be threatened by France's default, by the devaluation of money, by the disintegration of

 disruption of Germany, which will also be hit by the trade crisis. To defy the world, France will have to arm itself even more than before. French militarism will grow stronger. The consequence of this will be further armaments by the other free states. The whole thing is driving towards a new world war, the consequence of which will be that the entire world will disintegrate into three great empires: the British, the American, and the Russian. Those who expect a flourishing of French industry from the occupation of the Ruhr, as well as those who believe that France will collapse under it, both overlook the factor of time, insofar as they want to base the policy of the moment on it. They overlook the factor of development. Therefore, it is also wrong for us to give in to the mood of despair: France will invade anyway! No, it can be otherwise. France does not need the occupation of the Ruhr for its industrial development. If it uses the capital that will flow to it from Germany for reconstruction, it can place its industry on a broad development basis. It can obtain our coal even without occupying the Ruhr region; it will generally obtain it more cheaply on the world market than if it compelled German miners to perform forced labor. It will achieve more through participation in German industry than through the military occupation of German factories, whose workers, technicians, and commercial managers will rebel against the coercion. It can increase its revenues and thereby the absorption capacity of its domestic market by using German technology for French factories, by providing French money to German industry, and by jointly developing the Russian market. It can develop its trade relations, without which there is no industrial development at all. It will benefit from the restoration of the world market, while its policy of force will, on the contrary, only further promote the dissolution of the world market.6*

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84 The French workers are against the sanctions. The French pensioners, who are now the loudest criers, will, as shown above, be hit hardest by the adventurous policy. But they want to be paid, and the moment they receive security for this, they will be for peace. The population of the devastated areas will most likely get their rights if a peaceful arrangement is made with Germany. Therefore, I do not believe that France will invade anyway if we accept the ultimatum, but rather that it will breathe a sigh of relief. The Treaty of Versailles marked the end of the war. The sanctions would open a new political era. It begins with the ruin of Germany and concludes with a new world catastrophe. The World War was a terrible misfortune for all of civilized humanity. Nevertheless, it happened. No one wants to take responsibility for it. The statesmen say they allowed themselves to be driven to disaster by events. The same game is now being repeated. The Allied governments have allowed themselves to be driven so far that we all stand on the brink of the abyss. It is now up to Germany, which has been wrongly blamed for the war, to show that it is prepared to make every effort to save the German people and civilized humanity from further disaster.

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On the Road to Understanding. Berlin, May 28, 1921. In his speech in the French Chamber, Loucheur placed particular emphasis on the internationalization of our debt, that is, not just France and the Allies, but the entire world should become our creditors. He saw this global interest in our debt as a guarantee that we will have to fulfill our obligations. That is true. Therefore, for our part, we welcome the internationalization of our debt as a further step toward strengthening property and trade relations. We want to pay, we want to work, and we are therefore interested in strengthening our credit. We further welcome the internationalization of our debt because it eliminates the political element from our financial relations with the Allies. We then no longer need to fear, as before, that a belligerent party in France will sacrifice its financial interests in order to further weaken us and completely dissolve the Reich. For that would run counter to the interests of our creditors. By calling on the entire world to subscribe to our promissory notes, the Allies are assuming a commitment to the entire world not to disrupt our economic development. It is clear that, under these circumstances, the issuance of the 82 billion deferred would actually only be possible if fully sufficient funds were available. For the holders of the first issues will vigorously oppose us being driven to bankruptcy by the rash issuance of new debt obligations, thereby jeopardizing their own claims. Through the declarations of Briand and Loucheur and the vote in the French Chamber, the path has been paved.

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86 to an economic understanding between us and the Allies, between us and France. We have reached a turning point in world relations. The period of war is over, the ultimatum was liquidation, we have entered a period of reconstruction. There is agreement that this is a global problem that requires the cooperation of all nations. For the first time, we have heard from France the words that it is satisfied, even though it believes it should have reduced its demands to a minimum. This is a great reassurance and a strong guarantee of peace. I repeat what I have said often enough: we will reach an understanding when we come to an economic agreement. Loucheur explained that it was necessary to adhere to the payment method stipulated in the ultimatum because a participation in our industry would result in far too low a value. At 30 percent, he calculates the participation at 6 billion gold marks. The figure is incorrect. Loucheur would have to tell himself that if the total value of our industry were only 20 billion, we could not possibly export goods worth 20-30 billion gold marks annually, as he assumes. But that's beside the point. Participation in industry was not intended as a complete replacement for state payments, but rather as a supplement to the fixed payments, which were to be kept correspondingly lower. The premise of the whole was that our industry should not be crushed by taxes, but rather strengthened and placed on a broader basis so that the country and the state could meet their high payment obligations. My proposed reconstruction corporation was also intended in this sense. This problem of strengthening and expanding our industry will be unavoidable if we want to have assurances of our solvency. Two aspects are important here: time and money. We must be given breathing space, and we must be granted credit.

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87France was, of course, primarily concerned with securing our payments. Now that this has been done, and France will soon mobilize large sums of capital, it can turn to the problem of our reconstruction. This is not in contradiction to the reconstruction of France; rather, it is closely related to it. For, on the one hand, our payments increase with our exports, that is, with our industrial development; on the other hand, France needs capital investments for the inflow of money it will receive. The Mining Commission at the Reich Economic Office has determined that we need 8-9 billion paper marks to enable our coal industry to operate at full capacity. The situation is similar in other industrial sectors. The deficit on our railways is largely due to the fact that we have enormous repair costs because we lack the funds for the necessary major new purchases. Paradoxical as this may seem to some, those in industrial circles will understand me when I say: the more generously and quickly the Allies grant us the credit needed to rebuild our industry, the more money they will demand from us, and the more quickly. Whether this takes the form of participation in a reconstruction concern, which I consider the best solution, or in

some other way, there is no time to lose. Otherwise, we will not escape the magic circle in which we now operate, by piling taxes on taxes. Our government is once again busy devising new tax plans, thereby raising prices and devaluing our money instead of creating new value through the development of production.

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PART TWO THE ULTIMATUM

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The Workers and the Ultimatum. Berlin, May 16, 1921. The occupation of the Ruhr would, above all, worsen the economic and political class position of the German miners. Even if wage rates would not initially fall, but rather increase due to the difference in exchange rates, general working conditions in France are worse than in Germany. We recently saw how the French Minister Loucheur, amid derisive laughter in Parliament, described it as outrageous that the German trade unions, among the conditions for the employment of German workers in the reconstruction, also demanded the provision of bathing facilities. The representatives of French entrepreneurship and French democracy could not understand that the worker must have the opportunity to wash away the dirt and soot of work after work! This shows clearly enough what tendencies French big business would pursue if France had become master of the Ruhr. The German workers would also find themselves in the position of pariahs: they would have no rights vis-à-vis the French government, and the rights they have within the German state would

be rendered illusory by the fact that the German state itself would have no say in the Ruhr area. Now consider that the occupation pursues the economic purpose of squeezing as much money out of the Ruhr area as possible, and one can imagine what fate awaits the German miners under French rule. This certainly could not last forever. With the same means of organization with which the German workers had brought the domestic exploitation to some extent to order, they would ultimately also surrender to the French slave-smotherers.

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92, and in doing so they would have found a connection with the French workers. But that would take time and struggle. In these struggles, the German mine owners would not be on the side of the German workers, but on the side of the French imperialists. It seems that an agreement between the German coal magnates and the French iron industrialists has already been initiated. In any case, it is striking that German heavy industry has advocated the rejection of the ultimatum in recent days, thus believing it could accept the occupation of the Ruhr. One could name one's ship "Tirpitz" and still stay on course in the wake of the French imperialists. The desperate situation of the German workers would weaken the entire German working class in its fighting position; moreover, it would suffer from the deteriorating conditions of Germany's industrial development and the further weakening of the Reich. If the occupation of the Ruhr can be avoided by accepting the ultimatum, this would definitely be a great advantage for the German working class. On the other hand, the ultimatum entails great financial burdens for the Reich. It would be wrong, however, to assume that the entry into force of the sanctions would free us from this burden. The occupation of the Ruhr serves merely as a pledge. They would thus extract everything they could from the Ruhr and make us pay. Depending on the level of our exports or our industry, we would have to pay three billion or more gold marks annually to the Allies. Business will, of course, try to transfer as much of this as possible to the We must defend ourselves against this with the utmost energy. The living standards of the workers must not be reduced, and working conditions must not be worsened; on the contrary, the workers must be given the opportunity to advance even further. A stunting of the working masses would hit the cultural development of the nation worse than the loss of

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93 rural areas. But apart from that, it would also be economically and financially misguided, because with the deterioration of the workers' situation, their productivity would also decline, and with it the profits of industry and its competitiveness on the world market. The individual entrepreneur is always prepared to compensate for his losses at the expense of the workers, but that is not in the interest of industry as a whole. Given the high output we have to achieve

and the competition that will arise everywhere with the resumption of world relations, including in the Asian countries of cheap labor, we can only assert ourselves through quality work. But quality work requires an intelligent, educated, and well-off worker. In the struggle for better working conditions, German workers can feel solidarity with the workers of the Allied countries. In this area, they will surely find the determined support of their class comrades throughout the world, for a worsening of the situation of German workers would depress the situation of workers in all countries. But can we even fulfill the payment obligations of the ultimatum? They are harsh, but they are not prohibitive. As early as 1914, there were approximately 30,000 people in Prussia alone who together paid taxes on an income of around 22 million gold marks. Before the war, one could live comfortably on 30,000 marks a year. If we allocate this sum to the maintenance of our upper ten thousand, that makes 900 million; if we allocate one billion ourselves, that leaves 12 billion for Prussia, or at least 3 billion for the Reich. It would be wrong, however, to assume that this sum could simply be taxed away without damage to industry. A very large portion of the capitalist class's income was invested productively, serving to expand industry. These figures are intended only as illustrations. On the other hand, however, the German working class not only had to feed the capitalist class, it also had to provide for the military state. In 1913, our expenditures for the army and navy amounted to 1.8 billion.

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94 And these expenses rose inexorably. Without the war and disarmament, our military and naval expenditures would currently be barely less than 32 billion gold marks annually. That is no longer the case. However, we must not forget that, in addition to payments to the Allies, we still have to pay for our war-disabled and our war debt. We cannot cut the war-disabled; we will even have to increase pensions if food prices do not come down. As for our war debt, it has already been devalued by 90% or more due to the falling exchange rate. Measures will have to be taken to prevent it from rising again when exchange rates rise. Under these circumstances, the situation certainly remains very difficult. But we are not facing impossibilities. We will have to exert our industrial powers to the utmost. The motto is to achieve results with the best technical means and the best workers that others cannot imitate. We will have to organize and centralize our industry. Then we'll be able to do it!

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The execution of the ultimatum. Berlin, May 30–July 18, 1921. 1. Our export. The execution of the ultimatum is the most difficult task that has ever fallen to Germany, to any nation. Many in the country were overcome by despair. They say: "It's all the same, Germany will perish anyway." No, it is not all the same, and Germany should not perish. If the choice were whether

to perish with or without an ultimatum, then rather: No! Better to perish with honor than to perish shamefully. But things are not as they stand. The ultimatum can and should be carried out without Germany being destroyed. The ultimatum should be carried out without German culture and the development of the nation suffering damage. There can be no other way of framing the problem for the German people. The implementation of this enormous problem requires the exertion of all forces, a clear program, and a unified will. The bearer of this will can only be the government. We need a government that has a firmly founded program of reconstruction, one that is strong and authoritative enough to carry out this program. This government must be able to rely on the Reichstag. A government that can be supported at every moment by the parties that keep the individual ministers on the strings. can be torn apart is incapable of action. A ministry that meets every morning worried that it won't fall apart by evening cannot hold the Reich together. If things stand this way, then the people must be forced to decide whether they want a strong government or a confused Reichstag.

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96 This is the political prerequisite for solving the problem: a government, supported by the people's confidence, that knows what it wants and is determined to impose its will. Economically, our guiding principle can only be to create new values. Our industry and agriculture must be raised far above their pre-war level. Otherwise, nothing will help us. One reads new tax proposals in the newspapers every day. Industry, trade, real estate, all forms of commerce, everything is to be taxed; the deepest pores of the national economy have been penetrated, and taxes are being heaped upon taxes. This mad activity will end, and not too long from now, in a terrible collapse if we do not improve the sources of taxation—the proceeds of industry and agriculture. We can tax each other down to our last shirt, and yet we will not even be able to meet our payments to the Allies unless we increase our production. We must create it, otherwise we cannot afford it. The solution to the problem lies not in general impoverishment, not in reducing all needs to a degree that would turn the German people into a nation of outcasts who no longer recognize social differences among themselves because everyone has reached the same social low, but in such an increase in production and prosperity that the people can bear the new burdens. Since we are dependent on foreign payments, we must be careful to export high-quality products, and we must organize ourselves so that we do not undercut ourselves and others on the world market through fragmented offers, but rather fully benefit from the world market price. We can no longer allow ourselves the luxury of "dumping." We must supply indispensable items, goods in whose production we are superior to others, and we must receive the full value for them. I have put forward these guiding principles because they govern the whole. I will now, before I position-

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Before I come to these proposals, let us first take a look at the economic situation in which we currently find ourselves. I will begin with a favorable moment: the increase in our exports. Our rising export figures have been repeatedly pointed out to us. Let us see how things stand. In 1920, up to the end of September, we exported goods worth 47 billion paper marks. Given that the lowest exchange rates were at the beginning of last year, this amounts to about 4 billion gold marks. Our total exports last year probably amounted to around 6 billion gold marks. Our exports before the war amounted to 10 billion gold marks. Thus, we have already achieved 60 percent of our previous exports, so to speak, in our first attempt. The result astonished the world. The solution was also found: the low exchange rate. We heard about it every day, and we had to pay for it. The message was: You can pay, look how your exports are rising, with your low currency you're hitting the whole world. However, no comparison was made with how the trade of other countries had developed in the meantime. In 1920, Great Britain had exports worth 1,558 million pounds, compared to 635 million in 1913. Its exports thus rose by 150 percent, while our trade barely reached 60 percent of its previous level. The United States' exports amounted to 8,229 million dollars, compared to 2,448 million in 1913. That is, more than a threefold increase! Comparisons are more difficult to make for France and Italy because their currencies have fallen sharply. But one only needs to glance at the statistics to see that these countries have already far exceeded their pre-war exports. Thus, there has been a general increase in world trade, in which Germany has fallen far behind. Parvus7

98 If one compares the export figures of the four countries mentioned above with Germany for 1913 and 1920, converted into gold marks, and if one sets Germany's exports equal to 100, one obtains the following ratios: Ratio of export values.GermanyItalyFranceEnglandUnited States.191319201001004132110010341610256 61While before the war we had approximately the same exports as Great Britain and the United States, now England exports four times as much, and America even more than five times as much. Italy, whose exports before the war were only four percent of ours, now has 13 percent, and France, whose exports before the war were only 21 percent of ours, has now reached our export figure. These statistics primarily dispel the claim that we are depressing prices through our low exchange rate. The situation on the world market is different now than it was before the war. Others account for the bulk of exports, they dominate the world market, of which we only have a very modest share. They set the prices, and we act accordingly. Foreign countries have only robbed us through continued pressure on the market rate, while at the same time hindering the reconstruction of our industry by increasing the cost of raw materials. Therefore, our entire exports now depend on goods for which we have the raw materials at home: coal and coal products, i.e., the chemical industry, and also iron and iron goods, as well as machinery. Our exports of textile goods for the months January/September 1920 fell from 3.2 million quintals to 0.5 million quintals compared to the

same period in 1913; exports of leather and leather goods fell from 422,000 quintals to 67,000; rubber goods from 152,000 to 20,000; and paper from 4.1 million quintals to 1.6 million quintals. Let us now examine the regions to which our exports went.

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99Share of individual countries in Germany's exports.*)19131920%Great Britain14.36.4France7.83.0Belgium 5.43.1Italy3.93.0United States7.17.2Netherlands6.921.2Switzerland5.39.2Sweden2.37.1Norway1.63.0Denmark2.86.11 0.97.88.72.516.910.0Austria-Hungary (former territory)Russia and Poland (former territory)Non-European countries (excluding the United States) . . Our former major sales areas are all experiencing a massive decline in their purchases, and our main buyers have become the small states located directly on our border, which had exploited their high currency and the pressure on the mark to haul away whatever they could. This is the result of a trade trend in which the basic conditions of world industry—raw materials, foodstuffs, and freight—have shifted to our disadvantage. Overseas traffic suffered particularly from freight. The fact that individual companies were still able to do good business under these conditions does not change the overall result. The year 1920 was the sell-off of Germany. However, not yet on a large scale. Only the small items, the movable property, were hawked away. The big picture will only now be grasped if we do not prevent disaster through a generous economic policy. But we indulged ourselves in the delusion that the lowering of the currency, which impoverishes us, gives us superiority over foreign industry! We believed that what we could not achieve in the heyday of our industry, we could now easily accomplish with the cheap mark. And we raised taxes.*) We take this compilation from the monthly journal "Wirtschaft und Statistik" (Economy and Statistics), published by the Reich Statistical Office, which has already produced very meritorious publications during its short existence.7*

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100 on taxes, without considering how this affects industry, trade, and agriculture; the low exchange rate carries everything! Meanwhile, a conversion of monetary values is also taking place in international trade. The conversion is taking place in various ways. In countries with weak currencies, which have long included Italy and France, the money rate is falling, and commodity prices are rising. These two movements are in opposition to each other and lead to various disruptions and difficulties. In countries with strong currencies, commodity prices are falling. The following instructive overview shows the final result: *) The purchasing power of the Mark in New York. American Commodity Time Index, January 1, 1920. 100 Dollar exchange rate in Berlin, approximately 50 Marks. Purchasing power of the Mark in New York, 100. March 106

100 47" 91. May 118 57 74,,July 110 37.91 20""September 195 49.71 061. November 82 77.480""December 167 69.21 08""January 1 192 165 74.51 03""February 2 62 67 121""March 4 59 61 139 992. April 55 62 199 146 The purchasing power of the Mark in New York has thus already risen by 46 percent compared to January 1920. It remains, of course, far below its pre-war purchasing power, but one can see that a strong movement has already begun, driving towards equalization. This movement comes from both sides: through a fall in prices in America, through an increase in the money rate here. The game is repeated in all countries with weak currencies. It is It is clear that an increase in the purchasing power of the mark abroad has the opposite effect to a reduction in our exchange rate: it facilitates imports and complicates exports. A decline in prices has begun on the world market. This is clearly demonstrated by the above-mentioned "Über-Wirtschaft und Statistik" (Economy and Statistics) 1921, Issue 4.

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—101 view. The extent of this decline, and not whether we can devalue our paper mark further, will determine how far we will prevail on the world market. Now we must return to the starting point of our statistical considerations: the export figures for 1920. But now we will look at things from a different perspective. The path of scientific research leads upwards like a mountain path through loops and spirals: one moves away from one point and, after making the loop, one returns almost to the starting point, but now sees it from above. We have seen how colossally the value sums of the Allies' world trade rose after the war. But these value sums are by no means corresponded to an equal increase in export volumes. The figures have swelled because prices were driven up. Of course, this also applies to our exports. Calculated in paper marks, our exports are six times what they were in 1913; in gold marks, only 60 percent, but in quantity, they were even lower. We have already compared the quantity of our exports for individual sectors above and found that they have fallen well below 60 percent. The total quantity of German merchandise exports in the first nine months of 1920 was 148 million quintals, compared to 547 million for the same period in 1913. It was thus only 37 percent of the pre-war period, while in terms of total value, even calculated in gold, it was 60 percent of what it was then. The price increase was therefore not merely a consequence of the depreciation of the currency; it is general; it also occurred in countries with a strong currency. If one sets the commodity prices of 1913 equal to 100, the index figures at the beginning of 1920 would be over 200 for the United States, almost the same for Switzerland, and over 300 for England—a doubling or even tripling of commodity prices in the countries with a good currency! In view of these facts, a gold coefficient of two was used in calculating the compensation we have to pay, i.e., it was assumed that prices had doubled.

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102 Important consequences follow from this. If the gold coefficient is two, then all our values—our property, our production, our exports—are, under the same conditions, twice as high in gold marks as before the war, or the property we previously had currently represents twice its value in gold marks. In fact, if we apply the prices used in our export statistics for 1920 to our merchandise exports for 1913, we obtain an export value for 1913 of 213.9 billion paper marks. Converted at 10 percent in gold, this gives 21 billion gold marks, whereas our figures for that time were 10 billion. In other words, if we currently reach the merchandise exports of 1913, their value will not be 10, but 21 billion gold marks. That's why Loucheur and Lloyd George calculate that we will have merchandise exports of 20 to 30 billion gold marks. Now we have to pay 132 billion gold marks to the Allies. We pay them in goods, which we either export directly or sell elsewhere to pay the proceeds to the Allies. Therefore, if we want to determine our solvency, we cannot simply calculate with the pre-war values. Instead, if the gold coefficient is two, we must either multiply our government revenue and our export values by two, or divide the total debt by two. If we calculate with today's prices, we are 100 percent richer than before the war. If we calculate with pre-war prices, our debt is half as much, amounting to not 132, but only 66 billion gold marks. That is, with a quantity of goods whose pre-war value was 66 billion marks, we are, in view of the increased prices, in a position to pay off the current debt of 132 billion gold marks. I commend these figures to the attention of those who were driven to such despair by the high compensation imposed on us that they were prepared to let everything collapse and abandon the Reich just to avoid paying.

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103But will the gold coefficient remain? In other words: will the elevated price level on the world market persist, or will prices return to the pre-war level? A sharp decline in prices has already begun on the world market. The index numbers in the United States have fallen to 129, in England to 189. Prices in America are therefore only 29 percent higher than before the war. America and England, however, are experiencing an acute overproduction crisis. While demand on the world market is enormous after the war, global relations are torn apart. If the world market is to be restored, the sharp price crisis will be over. Various factors speak against a return to the pre-war price level. The entire world has been adjusting to a high price level for years. A sustained downward trend would overturn all calculations and, above all, would have to stop at the increased wages. A price adjustment could begin at the other end, namely in gold production, which itself has to reckon with increased costs due to general inflation. Gold, however, is a commodity that is inconsumable, or rather, can be converted from one use to another. The annual production of gold is insignificant compared to the accumulated stocks available on the world market. Furthermore, the price of gold is fixed by the currency laws of the various countries. It is therefore much more likely that the increase in production costs will cause a crisis in the gold industry, which will adapt gold production to the new market conditions

through price reductions, dividend reductions, and technical improvements, than that world market prices will be pushed down. Certainly, there will be price wars until a level is reached that is below the wartime and above the pre-war period. Germany is interested in high commodity prices. Since we have to make large gold payments, we are interested in

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104 of the devaluation of gold. We must therefore be careful not to undercut the world market price. But how can we compete if we don't sell cheaper than others? Much could be said about this, especially that the low price alone is no longer the decisive factor for modern industry; the quality of the commodity, its characteristics, and the appropriateness of its use—e.g., in the case of a machine, a vehicle, or a seagoing vessel—play a much greater role. But this by no means means that we should sell exactly at the world market price. We must simply orient ourselves according to the world market price and, above all, know how to avoid the situation where individual large-scale entrepreneurs, concerned only with the advantages of their own business, raise prices—to the detriment of industry as a whole. Now one could say: If we create export tariffs, our prices will remain high. But that would be throwing the baby out with the bathwater. After all, we should and must orient ourselves according to world market prices. In addition to the general price level, there are also continuous changes and fluctuations in prices to which industry must adapt. What is cheap today may seem expensive tomorrow. We therefore cannot burden our price movements with the burden of an export tariff. Moreover, there is a difference between the foreign price and the domestic price, which cannot be eliminated even by introducing consumption taxes. We saw this with our coal deliveries to France. We lost millions because our domestic price was below the world market price. The best way is to control trade through the concentration of large-scale industry. The main industries under consideration are the coal, iron, chemical, and machine industries. So, nationalization? Given the current state of affairs in Germany, I consider the consolidation of state and private industry to be the best option. An organization should be created that will take over commercial management from private industry and the representation of the public interest from the state. I will present a corresponding plan.

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105To conclude this chapter, I summarize: The world market price benefits us in our gold payments; the high gold value of our low exports in 1920 shows us that we can achieve very high export figures by exerting our industrial powers; we must strive to keep the world market price as high as possible and, at the same time, to increase the tension between the world market price and our production costs as much as possible through the rational organization of

our industry. It will now be necessary, before we arrive at reform proposals, to briefly account for the conditions in German agriculture and our general social situation. For I repeat what I began with: it is not a question of new burdens, but rather of easing the burden on the productive classes, which should give them the strength to generate new energies and create new wealth. Our agriculture: "The farmer is swimming in money." This has become a common saying. It is also quite clear that a lot of money must have flowed into the countryside due to rising food prices. Unfortunately, however, this money was not solid gold. The exact amount of money accrued to the rural population from the war economy is difficult to determine. Prussian income statistics show a doubling of the income of taxpayers earning over 3,000 marks in rural communities between 1914 and 1918. In rural communities with over 2,000 inhabitants, the total income of these taxpayers was 1,618 million marks, compared to 812 million in 1914; in rural communities with fewer than 2,000 inhabitants, the corresponding figures were 2,103 and 999 million. The increase begins in 1916, while the 1915 vintage shows a reduction in income. In the Prussian cities, the total income of this tax group rose from 5,987 to 9,443 million marks during the same period. Here, too, the year 1915 initially shows a decline compared to 1914. Therefore, the rural population in Prussia, as in the entire Reich, probably received several billion in excess of the

106 peacetime income. This is according to the income tax results. It is not much and contradicts the general impression. It is therefore also said that the farmer hid a lot of money. That may also be true. However, we must not ignore the fact that the difference between the general impression and the statistical findings must have resulted from the fact that during the war, by far the largest part of the otherwise employed population was in the field. The few people who stayed at home had control over all cash receipts, which increased to double or more than in peacetime. This was bound to be noticeable, and was all the more noticeable as household expenses in the countryside decreased, since the people in the field were fed at state expense, and their needs at home could not be met due to an absolute shortage of goods. Thus, the farmer's wife accumulated money "in her stocking." But what kind of money? Banknotes! This paper wealth no longer weighs much. It is said that the farmer has paid off his land charge and canceled his mortgages. He would be very wise if he had done so. For, since the legal fiction is still maintained that a paper mark is the same as a gold mark, the farmer now had the opportunity to repay in paper the debts he had once incurred in gold. This has indeed happened, but not nearly as much as the public assumes. Mortgages have been canceled, and new ones have been registered. The following overview shows the result: Annual balance of registrations and cancellations of mortgages in the rural districts of Prussia. (more, less -): 1909, 1910, 1911, 1912, 1913, 1914, 1915. ••. +640 million Mark•+ 733"19+ 739+ 730+ 787+ 434+ 52"39.19

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1071916.1917.1918.1919.31 million marks+10+ 17837"9"19 An absolute reduction in mortgage debt thus occurred only in 1916. Otherwise, the war years show only a strong reduction in new debt. One could say that the debt did not increase during the actual war period, i.e., until the end of 1918, but it did not decrease either. That this alone is significant can be seen from the sharp rise in debt before the war. However, land prices have risen in the meantime. The stable mortgage debt therefore represents a significant percentage reduction in land debt. Whether this will result in increased profitability depends on the general conditions of agricultural production, which have also changed in the meantime. One must be careful not to interpret the figures for mortgage indebtedness in the rural districts of Prussia as pure indebtedness of rural landowners. For there are also businesses and industries everywhere in the countryside that take out mortgages, partly in connection with agriculture, partly independently of it. I say this especially to the tax fantasists who immediately see a tax source in every monetary figure their feverish brains absorb. In 1919, the movement of mortgage indebtedness in the rural districts of Prussia was distributed among the individual occupational groups of mortgage debtors as follows: Excess of entries, deletions, entries, in millions of marks, agriculture and forestry. 1347981366Trade and Industry·Other Professions85125144940218170The year 1919 already shows, as we have seen above, a sharp turn in the sense of increasing indebtedness. This is obviously related to the fact that in 1919 the inflation had already made itself felt to a large extent,

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108 so that farmers needed increased amounts of money to run their businesses. The conclusion is: the money that farmers stored in their chests, whether war bonds or banknotes, consists of paper mass, but at the same time, the land charge has also been devalued, so that it represents a smaller percentage of the land price. This proves that German agriculture has become more creditworthy, but this by no means means that it is more solvent. The latter, and thus the whole thing, depends on the productivity of agriculture. Above all, it must be noted that the productivity of German agriculture declined sharply during the war. Our crop yields declined sharply during the war, both in absolute terms and per hectare of cultivated area. The average yield for the Reich was: Rye, Wheat, Spelt, Spring Barley, Oats, Potatoes per hectare: in quintals 1913 1918 1919
19.214,113,924,217,116,716,112,411,022,115,314,822,014,415,0156,6106,998,5 These figures certainly come as no surprise. The decline results from the lack of fertilizers, which must have had a disastrous effect on the highly intensive German agriculture, and is a consequence of poor cultivation in general. It is therefore quite understandable that, as has recently been observed, the decline in relative yields is more pronounced in areas with a higher percentage of

large-scale farms than in rural areas. Large-scale farms are more dependent on artificial fertilizers. Furthermore, the relative magnitude of the decline naturally depends on the relationship between grain production and livestock farming.

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109Our livestock population was greatly reduced during the war. Since then, there has been an improvement. The situation is most severe with cattle. Cattle do not reproduce as quickly as rabbits. We can at least assume that by next year, i.e., 1922, we will have reached our previous headcount, but not yet the same weight. Cattle must grow and be well fed. We therefore harvest less per hectare now than in the pre-war period; we have lower yields of meat and milk, while production costs for both labor wages and manure, feed, utensils, etc., have risen sharply. We must therefore not be deceived by the high prices in paper marks and the stories of the farmers' full purses. The glories of the war period were of a very dubious nature for the farmers; they were detrimental to German agriculture. This is now of less value as a factor of production than before the war. Furthermore, agriculture has become a speculative business, in which the price game is the sole deciding factor, and the healthy basis of its previous development has been ruined. I therefore warn against fiscal experiments with German agriculture, which would add excessive speculation to the existing price speculation. I warn against this in the interest of German agriculture, which still feeds a large part of the German population. I warn in the interest of the urban population and the working class, who would have to bear the increased food prices. For if, given its current low yields and high production costs, German agriculture is subjected to high taxes and protective tariffs are dropped, then agriculture will be ruined; it will no longer be able to produce at all. It would be wise to make provisions now for the emigration of our rural population to America, or if protective tariffs are increased accordingly, then the consuming public will have to pay. I warn against such fiscal experiments in the interest of industry, which would impose high payments on us.

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110 Allies. I warn in the interest of maintaining our good relations with foreign countries, for these experiments will lead to the complete economic collapse of Germany. I warn in the interest of the Reich, for the war has shown us that a state cannot exist without agriculture. German agriculture requires renewal. It needs credit to make up for the omissions of the war. Only when it has regained its strength will it be able to pay more taxes. Here, as everywhere, we encounter the same ambivalence of the problem: for Germany to help rebuild the world with full force, reconstruction must take place within Germany itself. Any attempt to extract from our national economy, as it was bequeathed to us by the war, simply through taxation, the previous

output and, on top of that, the payments to the Allies, is an empty delusion. It is not even a fraud, for the inadequacy of the attempt is clear to the whole world. Taxes are imposed, thereby increasing prices while values remain the same or even decline. It's a game of high numbers with nothing behind them. If we could achieve it this way, we could also achieve it with the banknote press. Our agriculture needs fertilizers. Industry and world trade must supply them. It needs machinery, because wages have risen sharply, while at the same time, horse husbandry has become very expensive. The electrification of farms, which has proven extremely successful, must be implemented throughout the country. Agriculture must learn to use labor economically. Because, apart from the high wages, the war has cost us many of our best workers, while the influx of foreign workers is likely to be severely restricted for years to come. German agriculture, however, suffers from a fragmentation of farms, which consumes a lot of labor. This can be remedied by

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111development of cooperatives, which unites the forces of individual farms and enables them to apply the operating techniques of rational estate management. The general implementation of electrification would greatly increase the activity of cooperatives. As things stand now, every farm is an economic encyclopedia in itself. This leads to a fragmentation of cultivation, which necessitates a great deal of unnecessary labor, and very frequently to inappropriate use of the land. An attempt must be made to regulate the implementation of a common economic plan throughout the entire Reich, at least for grain production. The distribution of products between town and country must be made easier and cheaper through appropriate adaptation of transport. If this happens, German agriculture will flourish. For the conditions on the world market have changed in its favor due to the increased severity of American and Russian competition. And only when this happens, when German agriculture is able to increase its real yield, the quantity of products it produces, will it be able to bear greater burdens for the state. Above all, credit must be provided for agriculture so that it can develop. But if, instead, the tension between the land charge and the land price is filled with taxes, the development of agriculture will be hindered, agriculture and with it the state will be ruined, and bankruptcy will result instead of increased solvency. 3. The social situation. At the time of the blockade, the German people were close to starvation. This was a condition that could be seen with the naked eye. Now that this acute hardship is over, it is less easy to gain an overview of the social situation of the German people. A large nation is like the sea, which has its deep and shallow parts, in which everything surges and flows. We have industrial societies that distribute high dividends, and entire social classes that

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112 have been pushed far below their previous level: teachers, judges, civil servants in general, and, to a large extent, doctors and other liberal professions, etc. The middle class has been crushed, and the contradictions have intensified. But the big cities, which suffered most during the war, have now recovered somewhat. And since our entire observation of popular life is limited almost exclusively to the big cities, our perception of the country's social conditions is colored by this. The big city conceals its misery behind the walls of its overcrowded apartments and displays its outward splendor through its entertainment venues and its bustling traffic. Yet the contradictions are most acute here. Economic profits throw enormous wealth from one hand to the other, generating waste and ostentation, a thin but greedy and unscrupulous layer of upstarts, hated and simultaneously envied by the masses below, who, with their meager means, surrender to a fast-paced lifestyle at the expense of the future and future generations. We must keep ourselves free from these external impressions if we want to get to the bottom of things. Above all, we note a fairly general emergency. That is the housing shortage. We have reached conditions that we considered long since overcome. I needn't describe the misery; it is common knowledge. To remedy the situation, a million new homes must be built. Under the current conditions of our construction industry, this can only be achieved through a massive increase in rents, thus imposing a corresponding burden on the public. This, however, obviously reduces the people's ability to pay taxes. We have forcibly prevented rents from rising as a result of inflation. Through taxes, both direct and indirect, we have emptied the tenant's wallet. Now he has no money to pay higher rents, so we can't build, and consequently there is a housing shortage, while at the same time the construction industry is languishing and unemployed construction workers are dependent on state support, which in turn is raised through taxes.

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113 are imposed on the population, which cannot pay its rent, which is why the construction industry is collapsing, etc., etc. Or we provide state subsidies for housing construction, which we raise through taxes imposed on the population, etc. It is clear that we cannot escape this magic circle and will only entangle ourselves more and more in it, and that it cannot last forever, but must eventually collapse if we know what to do other than tax and tax again. In addition to the housing shortage, there has been a heating shortage all along, partly due to reduced production, and partly, especially for the poorer population, to the high price of coal. Production conditions have improved, but if we now continue to impose high taxes on coal, the coal shortage will become a inflationary crisis and, at the same time, since the rich can afford it, a genuine national crisis. We will then either have to raise wages or pay heating subsidies, which we raise through taxes, etc.—the same old story. A crisis that appears less obvious on the outside, but which is becoming increasingly entrenched and, if not remedied, can have catastrophic consequences, is the clothing and linen shortage. Extremely blatant cases of this crisis have already been reported, such as the wrapping of children in newspaper, but these

extreme manifestations are merely indicators of a widespread neglect that people try to conceal. Now, however, consider that the German people took great care of their clothing in peacetime. They placed great importance on having a Sunday suit in addition to their usual clothes, among other things. During the war, the male population wore uniforms, and their clothes were conserved. Even after the war, people were primarily concerned about wearing out their military uniforms. That's all over now; even Sunday clothes had to be worn out; soon the rest will be worn out. The situation with laundry is particularly bad. No additions could be made because our textile industry is in decline. During the war, we had virtually no Parvus8.

p. 114 (#118)

114 raw materials for the textile industry were imported. The following overview shows the current situation: Germany's imports of raw materials for the textile industry in the first nine months of the year in tons 1913 343 809 Cotton and waste Flax Hemp Jute •·· Raw wool Raw silk These figures speak for themselves. 1920 91 458 69 811 82 442 191 11 517 113 816 30 874 160 117 38 1413 180 673 Without textiles, there would be neither clothes nor linen. In the poorer neighborhoods, one already encounters people without a shirt under their skirts—a phenomenon that was quite foreign to Germany. If things continue like this, ragged clothes will soon no longer be a rarity. Taxes cannot cover the naked body. The reduction in construction activity and production in the textile industry not only means a growing need for housing and clothing, but also unemployment in these industries as well as in the others related to them. From March 1, 1920, to March 1, 1921—I have no later publications—we regularly had to support 300,000 to over 400,000 unemployed people with roughly the same number of dependents. This cost us 100 to 130 million marks a month. But this still doesn't adequately reflect the extent of unemployment. For we mainly cope by reducing working hours. The extent to which our industrial activity has declined is best demonstrated by the low figures for our exports, which the reader already knows. Our industrial activity, our entire economy, has declined, and we now produce, without restriction, only banknotes and taxes. Finally, let us look at our food supply.

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115 As is well known, even in peacetime, our agricultural production was not sufficient. In 1913, we had an excess import of grains amounting to 4.5 million tons. Meanwhile, our harvest yield has also decreased. In 1919, compared to 1913, we had a deficit of 4.1 million tons in rye, 1.9 million tons in wheat, 4.3 million tons in oats, and 1.5 million tons in barley. Our total deficit was thus over 16 million tons, while we imported about 2 million tons of grain from abroad! According to the report of the experts presented by our government in London, our consumption per capita

changed as follows: Meat Flour Sugar Cotton Wool Coal Iron 191352 kg 1920 about 12520 kg 83 ,19.2"""14.1"7.212"2.3192.2""1.02923701770"9D253100" The table clearly shows the misery of our social situation. From the information provided by our government in Brussels, it further emerges that our coffee consumption per capita has decreased from 2.5 to 0.7 kilograms, cigar consumption from 120 to 66, petroleum consumption from 12 to 2 liters, and alcohol consumption from 6.8 to 1.4 liters. The misery is so great that it is reflected in an increased mortality rate. In Prussia, the number of deaths per 1,000 inhabitants in 1913 was 14.9, compared to 15.77 in 1919 and 1920 (first three quarters). In addition to the increased mortality rate, we have recorded a reduced birth rate. Although the birth rate rose rapidly in the second half of 1919 as a result of the increased marriage frequency, it has been falling again since then.8*

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116 Number of births in Prussia per 1,000 inhabitants. 1913 . . 1919 First Quarter Second Third Fourth 1920 First Second Third • 29.03 • 15.24 • 14.97 • 22.69 30.69 29.07 26.74 25.82 That under these circumstances the growth of the younger generation is also endangered, that they must suffer in their physical and mental development, in short, that a stunting and degeneration of the nation is taking place, can hardly be doubted anymore. Where will this lead if we intervene with new taxes, reduce incomes, and make consumer goods more expensive! Nothing can help us except increasing production. And only in this way can we meet our payment obligations to foreign countries. We will now turn to the discussion of these problems. Before doing so, however, only a brief analysis of our national budget is necessary to determine our additional need for state revenue. 4. The Reich Budget. I will show how we can achieve a settlement of our payments to the Allies and increased prosperity. I counter the thesis that we must save and deprive ourselves until the great debt is paid off with the other, that we must produce and increase our social prosperity in order to be able to bear these burdens, while the path of deprivation leads to bankruptcy and, consequently, to eternal debt bondage. It is clear from the preceding considerations that I am by no means painting a rosy picture of the current situation of our industry and agriculture. I will show how this can be changed and how our state revenue can be increased accordingly. Before doing so, however, we must supplement the outline of our economic situation by taking stock of the current state of our national finances.

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117The Reich budget has swelled like a corpse. It shows high figures, but behind them lie low values. According to our information in Brussels, the total revenue of the Reich, the states, and the municipalities from taxes and duties for 1920 amounts to 45,202 million paper marks. If we

assume an exchange rate of 10 Swiss francs or 8 gold marks for 100 paper marks, this is an extrapolation, because our exchange rate temporarily fell to 6 francs and rarely exceeded 10 Swiss francs in 1920. This revenue then amounts to 3,616 million gold marks. In 1913, however, the total revenues of the Reich, the federal states, and the municipalities from taxes and duties amounted to 4,478 million gold marks. Thus, despite the enormous increase in our direct taxes, despite the increase in previous excise taxes, and the introduction of new ones, including the very large coal tax, our revenues have decreased by 862 million gold marks, or almost 20 percent, compared to the pre-war period. I believe this surely proves that our tax system is failing. This fact is more important than the actual deficit. It proves that we must take new paths. For further orientation, see the overview on page 118. Although the tax rate on beer has been increased three to five times, tax revenue is still not even a tenth of the 1913 amount, taking into account the exchange rate difference. The spirits tax has been increased by 500 percent; the yield has fallen to barely 7 percent of the previous amount. Despite the fact that a foreign currency surcharge is levied on import duties, our customs revenues are only about a quarter of their 1913 level. It would take me far beyond the scope of this paper to review our entire state budget. I will limit myself to the main factors contributing to the poor state of our finances. These are the following: 1. The reduction in the revenue from import duties due to reduced imports. 2. The reduction in the revenue from excise taxes due to reduced consumption.

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118 Excise duties and tax rates 1913 and 1920. Type of tax Revenue 1913 Million marks Revenue 1913 in paper marks¹ Revenue 1920 in gold Tax rates Tax rates 1913 1920 Gold Million marks Beer tax 124.8 1560 144.9 per hectoliter depending on content Spirits tax 203.5 2544 180.229.1 marks per hectoliter Wine tax (10.7) (134) 581.6 (sparkling wine) of which (61.2) 2.12-4.20 marks Wine tax: None Sparkling wine 3 marks d. Bottle of sparkling fruit wine 0.60 Mk. per bottle 10.00-12.50 Mk. per hectoliter depending on content 164 Mk. per hectoliter 20% of the consumer price Sparkling wine 12 Mk. Sparkling fruit wine 3 Mk. Sugar 12.3 Mk. per 14 Mk. tax 157.6 1970 145.6 quintal | quintal Coal tax Customs duties 703.52 2933.98 794 1672.52 ¹) Calculated at the rate of 10 Swiss francs equal to 8 gold marks equal to 100 paper marks. 2) Currency surcharge included. 3. The deficit of the state railways due to the increase in operating expenses. 4. The deficit of the post and telegraphy for the same reasons. 5. The inflation. 6. The reduction of the Reich's territory. The reduction in our import duties, or rather our imports of goods, is the result of the decline in our food supply and our industry. This decline, in turn, is largely the consequence of monetary devaluation. We can only sell; we can no longer buy. The reduction in consumption is also a consequence of industrial stagnation and monetary devaluation; moreover, it is directly caused by excessive taxation.

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119The railway deficit, apart from the temporary reduction in traffic and the devaluation of money, was primarily caused by the large ongoing expenditures for repairs and new purchases to replace the operating equipment that had been delivered. The deficit of the postal service and the telegraphy is primarily a consequence of the devaluation of money and the resulting increase in wages. Taxes also had a similar effect. The devaluation of money resulted from the war debt economy and the military collapse of the Reich. It was then strongly driven by taxes. All businessmen raised prices to shift the high taxes imposed on them. Thus, in addition to the external pressure on the mark, there was also pressure from within. How rapid and devastating this effect was can perhaps best be seen in the Reich emergency relief fund. It was calculated that this tax would bring in 45 billion marks. That was at the beginning of August 1919. At that time, the mark was still worth over 30 Swiss francs for 100 marks. The 45 billion would have amounted to 13.5 billion Swiss francs. But immediately after the bill was introduced, the mark began to decline rapidly. Based on the current Swiss exchange rate, the projected amount of the Reich's emergency relief fund—which, incidentally, hasn't even been received yet—would be only 3.6 billion francs! Naturally, the declining exchange rate devalued not only the Reich's emergency relief fund, but the Reich's entire tax revenue. Our finances would be better off if we hadn't had the Reich emergency relief and the subsequent inflation. We have long since reached a point in our taxes beyond which taxes not only no longer pay for themselves, but directly reduce government revenues because they influence commercial pricing and reduce consumption too drastically. Therefore, if we want to have halfway reliable data for calculating our solvency, we cannot rely on our current national budget with its excessive

120 strained tax system and its excessive paper value supports, but we do best to take the Reich budget of 1913 as the starting point for our considerations. In doing so, however, we will have to take into account, above all, that the Reich's territory has shrunk. An exact calculation cannot yet be made. We estimate a reduction in state revenue of 10 percent. On the other hand, our current state budget, compared to 1913, includes an increase in expenditures for the national debt and for pensions, which must be taken into account if one wants to determine our solvency. These two items have grown enormously due to the war. According to the budget for 1921, our expenditures for the national debt amount to 13,742.4 million paper marks, and for pensions to 8,147.3 million paper marks. This makes a total of 21,889.7 million paper marks, or 1,751.2 million gold marks. From this, the corresponding items for 1913, which are included in the current total, must first be deducted. At that time, the Reich's expenditures for national debt and pensions amounted to 354.9 million gold marks. In addition, our current national debt budget also includes the interest on the railway debt, which the Reich took over and which was not yet in the budget in 1913. This is 586 million paper marks, or 46 million gold marks. The total to be deducted would therefore be 354.9 + 46, or 400.9 million gold marks. The remaining

additional expenditure is 1,751.2 - 400.9, or 1,350.3 million gold marks. This is the difference compared to 1913, resulting from the costs of the war. On the other hand, we have savings in our expenditures for the military, navy, and colonies. This is the result of disarmament. Our expenditures for the army, navy, and colonies in 1913 amounted to 1,879.6 million gold marks in the regular budget. According to the estimate for 1921, the corresponding expenditures are 3,412.8 million paper marks, or 273 million gold marks. The savings are therefore 1,606.6 million gold marks. These savings are offset by the additional expenditures of 1,350.3 million we have just determined. This leaves us with savings of 255.7 million gold marks. This means that with the savings resulting from disarmament, we cover our

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121 additional expenditures for war debt and war pensions, and we still have 255.7 million gold marks left. This is assuming that our state revenues were the same as in 1913, that our tax rates were not increased but remained the same, and that the level of our industry, agriculture, and consumption also remained the same. In 1913, however, the state railways did not run a deficit, but delivered surpluses. This is not included in our calculations. The deficit of our railways is a temporary phenomenon. When they are restored to normal operating conditions, we will at least achieve the surpluses of 1913, provided that industry, agriculture, and transport reach the same level as then. In 1913, our state railways showed an operating surplus of 1,066 million gold marks. From this, the interest on the railway debt must be deducted, which, as stated above, now amounts to only 46 million gold marks due to the fall in the exchange rate. This would leave 1,020 million gold marks as net income. In reality, the surplus of our railways, once operating resources and traffic have been restored, will be much greater, which we will discuss later. For now, it is sufficient to note that, in addition to the 255.7 million already calculated, we will have an additional 1,020 million gold marks available annually to pay our debts to the Allies, a total of approximately 1,275 million gold marks. Now, we have already established that the gold values from the pre-war period cannot simply be extrapolated to the present; rather, the gold accounts from that time represent a higher value today. If we calculate with a gold coefficient of 2, this results in 2,550 million gold marks in current values. From this, we must deduct our 10 percent for the reduction of the Reich's territory, leaving 2,295 million gold marks. We would have this amount readily available if our trade and commerce were completely restored to the 1913 level.

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122 and the tax rates would have remained the same as then. This surprising result is due to two main factors: 1. The savings resulting from disarmament. 2. The devaluation of money.

Above all, the devaluation of money reduced our expenditures on the national debt, calculated in gold, both for the war debt and for the old debt. This is primarily the reason for the large net surplus of the railways that we have excluded. It is clear that if our money rate rises, the entire calculation will be thrown into disarray. Therefore, measures must be taken to prevent a further increase in the market rate. I will show how this can be done. But this is the first prerequisite for the recovery of our national balance sheet and our national economy. The devaluation of money was harmful and also beneficial. It was harmful insofar as the Reich had to receive payments; it was beneficial insofar as it had to make payments. In general, it was favorable for the debtor and disadvantageous for the creditor. We saw this with mortgage debt. As in the Reich, so too in the federal states. Here, too, the old debt was devalued. In 1913, the federal states had to pay 1,238 million marks for interest and repayment of their debts. Of this, the Reich assumed 586 million through the railways. This leaves 652 million, which are now paid in paper marks, whereas in 1913 they had to be paid out in gold. The gold value of these 652 million paper marks is 52 million, resulting in a saving of 600 million in gold. One could argue that it is unfair to pay the old debt, which was concluded in gold, in paper. But it happens, and there is no other way, since the promissory notes change hands daily, and many of their current owners have already purchased them with devalued money. The state has no reason to pay these new buyers the gold difference.

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123 as speculative profits. The situation is different with the debts that have been entered into the national debt register, which demonstrably have not changed hands. An arrangement would have to be made here. But even then, a significant saving remains, which is all the more significant when one considers the gold coefficient. Our next payments to the Allies amount to 3 billion gold marks annually. To raise these sums, we don't need new taxes, but an increase in consumption. Instead of raising high taxes and paying subsidies to the poor, we must reduce taxes to increase consumption. We must maintain the currency devaluation that has occurred because it frees us from the national debt. However, any further currency devaluation brings no benefit to the state, precisely because its debts have already been almost paid off, but only enormous damage. Further currency devaluation will inevitably occur if we raise taxes. Undoubtedly, we have managed to keep the market rate within certain limits for about a year. If a sharp downward trend were to set in again as a result of our fiscal measures, the consequences are impossible to predict. Austria and Russia are warning examples. The moment is critical. It all depends on one small thing, and the whole thing will be brought down. We have paid more in taxes than a country can bear. We must reverse course, we must go back to the level of 1913, then our state revenues will increase. But people are only too happy to trudge along the beaten track. Taxes have always been levied, and this is how taxes are levied. It's so easy to levy taxes. Parliaments are used to it. They grumble, but ultimately they give their approval. And if taxes fail, what then? Then taxes are levied again. People think, somehow it will all come in! If one tax fails, then another is levied; if the tax rate doesn't work, then a higher one.

It is a fiscal madness that cannot be remedied. And this madness has become epidemic. The whole

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The German people are gripped by it. It has become popular to impose taxes, especially property taxes. The rich should pay, is the slogan. That the rich can most easily shift the burden of taxes is not considered. They should pay! Taxes are imposed, prices are raised, money is devalued, all means of subsistence are made more expensive, entire industries are stifled, unemployment is increased, and the greater the emergency, the more the call is: create new taxes! It is a mood of despair, largely caused by the harsh blows of the war and the conclusion of peace. A nightmare weighs on us from which we must free ourselves. Certainly, we will have to work hard, but we have no reason to despair. We have to bear the costs of reparations, but on the other hand, we have been freed from our military burdens. We have seen how great savings result from this. However, we based our calculations on the 1913 budget, without taking into account that military expenditures tend to increase. Had we remained in the arms race, our expenditures for the army and navy would already be significantly higher than in 1913, amounting to approximately 3 to 312 billion gold marks. Let us examine how our army and navy expenditures developed before the war. We take the last 30 years before the war and divide them into five-year periods. The Reich's army and naval expenditures amounted to an annual average of 1879/834 14.1 million marks 1884/884 29.299 17 1889/936 88.077 1894/986 96.99 1899/0385 5.699 1904/0810 25.6 1909/131394.5 Increase from five-year to five-year 19% 39% 1.3% 22% 19% 36% The slight increase in 1894/98 compared to 1889/93 is an exception and results from the fact that it was the transition from continental to naval armaments.

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125 This is how our armaments expenditures developed before the war. One would therefore hardly be wrong in assuming that, if we had not been forced to disarm, our expenditures for the army and navy would have subsequently increased by at least 20 percent from five-year to five-year period. Now we can calculate what our armaments budget would have been in the coming years. Our probable expenditures for the army and navy would have amounted to: (in millions of gold marks) Annual average expenditure 1914/18 16 80 1919/23 20 16 1924/28 24 18 1929/33 29 00 1934/38 34 80 1939/43 4 17 0 1944/48 5 00 11 949/53 6 000 With a gold coefficient of 2 (rounded off) 3000 4000 approx. 5000 approx. 6000 approx. 7000 8000 10000 12000 In reality, already in 1913, we had an expenditure of 1800 million gold marks at the gold value at that time, or 3600 million at the current gold value. Our figures are therefore more likely to be too low than too high. Disarmament brings us more than the reparations cost us. It is not

the payments to the Allies that are ruining us; the obstacles to our production, the development of our industry and agriculture, the development of our trade and consumption, these are the causes of the evil. The excessive tax burden also belongs to this category. Our taxes developed before the war in line with our industrial development and the increase in national prosperity. It must continue to be this way. We do not become rich through taxes; But as we become richer, we can also bear more taxes. Accordingly, the proposals I have to make will go in two directions: 1. the reform of public finances, 2. measures to improve our industry and the national prosperity.

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1265. Monetary Reform. The decline in the mark exchange rate is so severe and persistent, and has been going on for so long, that a return to the old conditions, when a gold coin weighing approximately 8 grams was exchanged for a 20-mark banknote, is no longer possible. To stabilize our currency, we must, above all, adapt to the new conditions. Nor is it clear why we should strive to restore the mark exchange rate to its previous level. Trade and industry have already adjusted to the new values; a new upward movement of the mark would once again upset commercial calculations and be associated with at least as many disruptions as the previous monetary revaluation. What we need is stability. Since it is no longer possible, nor even desirable, to raise the paper mark to the level of the gold mark, we must reduce the value of the gold mark in line with the paper mark. We still have our old currency law, but it doesn't work. We still oblige ourselves to pay for a coin weighing approximately 8 grams of gold for 20-mark banknotes, while one receives barely 8 percent of that in free circulation, and in reality, we pay nothing at all. Let us finally do away with this fiction. Let us declare openly that our mark is only worth about 8 percent of its former value in gold. Let us change our coinage law, re-mint our coins, make every 20-mark gold piece worth 250 marks, as its actual value is, and the problem is solved. In short, I recommend a coin cut, which is the way states have usually helped themselves out of such emergencies. For example, Russia, when implementing its gold standard, which has proven itself fully effective since the war, turned the 10-ruble gold imperial into 15 rubles. It simply, and could not do otherwise, made the existing exchange rates the basis of its new currency. Our national debt would then retain its nominal value, commodity prices and wages would not be affected in any way, and

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127We are assured that the improvement in our economic conditions will fully benefit us and lead to a further stabilization of our money exchange rate, instead of dragging down the exchange rates again by piling on a gold debt and driving us to bankruptcy. That would be the

first measure of monetary reform. With the improvement in our trade and production conditions, we will then be able to resume gold exchange. Only through the re-minting of gold coins will we be able to put gold into circulation again. The Reichsbank's gold reserves currently amount to 1,091.6 million marks. From this, a gold coverage of the banknote circulation of approximately 1.5 percent is deducted. This is incorrect, because the billion gold marks is currently 122 times as much in banknote value. The actual gold coverage is therefore not 12 percent, but 18 percent of the banknote circulation. However, this only becomes apparent through the re-minting. The question of gold exchange, however, is less a question of gold supplies than of the gold price. If we were to constantly sell our minted gold at a price lower than the world market price of gold, our gold reserves would not be sufficient to meet the demand that would come from all sides and from all countries. On the other hand, if we sell our gold coins at the world market price, including the costs of minting, we will always find enough gold for exchange on the market, lose nothing, and simply increase the income of our mint. However, we cannot orient ourselves according to the world market price as long as the money exchange rate is not stabilized. Therefore, we need the stabilization of the money exchange rate to be able to exchange gold, and we need the gold exchange rate to stabilize the money exchange rate. This apparent contradiction merely reveals an interaction that fiscal policymakers must take advantage of. The money exchange rate must first stabilize. If the price fluctuations are limited and the general economic situation gives hope that this situation will continue, then the gold exchange will be initiated. Here, too, it might be advisable to initially

 to set a fairly high limit for compulsory exchange, e.g., that only sums of 1,000 marks and above are exchanged for gold. The initial point is not to put as much gold into circulation as possible, but simply to guarantee that exchange will take place. If this proves successful, then general gold circulation can be resumed. I mentioned above, by way of comparison, that we should make 250 out of the 20-mark gold piece. Therefore, I am by no means of the opinion that we should mint just such a coin. It is only a matter of the ratio of the gold content. In view of the general price increase, I think that our lowest gold coin should be 100 marks. The Pfennig has already disappeared from circulation, replaced by the 10-Pfennig piece, and the Mark by the Groschen. Thus, a coin worth 100 Marks might replace the 10-Mark gold piece. But these are details I only mention in passing. The main thing is that we adapt to the changed conditions on the money market. All efforts to reverse the developments that have taken place are a fight against windmills, or rather, an attempt to set the sails of the windmill in motion against the wind. Windmills are not there for that. They must adjust to the wind, then they grind. We must make the result of the developments that have taken place the basis of the new conditions. Currency devaluation is a perfectly legitimate corrective that trade has automatically introduced to cope with the mass of money circulation that has been arbitrarily increased by war bonds. We must take this fact into account by making the current value of the mark the basis of our currency. We are not alone in this. France, Italy, and England are in the same situation. France, in particular,

will not escape its financial calamity, despite our reparations payments, unless it fixes the devaluation of the paper franc. But if it does so, it will reduce its internal debt by at least half. France's external debt, contracted in foreign currency,

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129 would, of course, not be affected by this. The same applies to our debt contracted in foreign currency. An increase in the value of the French franc could easily absorb our payments to France entirely and still leave a deficit. If, on the other hand, France implements the monetary reform I have proposed, the reduction of its debt will bring it more than our payments to France amount to. We cannot achieve a strengthening of the currency by any other means. And if we do not stabilize the currency, we will not escape the wage struggles. For with every reduction in the currency, i.e., an increase in the price of subsistence, workers will demand wage increases, and with every reduction in the currency, i.e., when the prices of domestic manufactured goods fall and the prices of foreign raw materials rise, employers will seek to impose wage reductions in order to survive on the world market. The enormous nominal increase in wages since the devaluation of the currency is a great barrier that has stood in the way of the increase in the currency. To simply attempt to dismantle this barrier would trigger social struggles of incalculable significance. The disputes over wages now taking place between workers and employers are, to a large extent, a struggle over the currency. It is in the interest of both parties that this disturbance, which gives the struggle its great significance, be eliminated. If we keep the money rate as it is, but keep it fixed, and above all, prevent its further increase, then the wage dispute will lose much of its severity. A return to the old money rate is also impossible because all civil servant salaries, rail freight, etc., would then have to be reduced again. A middle-of-the-road solution, by saying that we cannot restore the old market rate, but we want to keep it higher than it currently is, would only create inconveniences in all directions and deprive the state of a large part of the benefits it could derive from fixing the depreciation of money. Parvus9

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130 For our payments to the Allies, the repayment of our internal war debt by fixing the devaluation of the Mark is a prerequisite; without it, all other measures must remain illusory. 6. The German Conglomerate. If we want to harness all the forces of our industry—and we must do so, otherwise we cannot survive or meet our payment obligations—then we must combine them. Based on this point of view, I propose: 1. A conglomerate be founded under the name "German Interest Community" or "German Conglomerate," encompassing the coal mining industry, the iron industry, the state railways, the machine industry, and other leading industries. 2. The purpose of the conglomerate is: a) Execution of the payments in kind demanded by the

Allies. b) Reconstruction of German industry. c) Joint procurement of credit. d) Promotion of industry, trade, and agriculture in general. 3. The Group is a public limited company headed by a Supervisory Board, which appoints the Board of Directors. 4. The Group's capital consists of the shares and bonds it issues. 5. The companies affiliated to the Group retain their independent business practices but are subject to the Group's financial control. They are obligated, among other things, to adopt the norms for profit calculation and dividend distribution to be determined by the Group and to grant the Group's Board of Directors access to their books at any time. 6. The Group issues preferred shares, for which all companies affiliated to it are liable pro rata to their fixed capital. Of these new issues, a certain percentage is allocated to the state, and a portion is retained in the Group's general treasury. After these deductions, the

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131 Capital proceeds are distributed among the participating enterprises. The portion of new issues retained in the general treasury is used to cover the administrative costs of the group and to establish enterprises for the joint account of the group. 7. The group shall undertake all contributions in kind requested by the Allies and distribute their implementation among its members, carry them out independently, or award them by tender. 8. The group shall draft a plan to alleviate the housing shortage and rebuild German industry, which it shall also seek to implement as stated in Article 7. 9. The group shall endeavor, by combining the interests of its members, to implement a regulation of trade and production that saves all unnecessary expenditure of time and labor and reduces costs to a minimum. Any proper businessman and any trading company, cooperative, etc., should be free to join the group if they publish a balance sheet and if their previous business activity, after examination by the group's board of directors, leads them to expect that they will achieve the group's average return. However, after the group's establishment, the approval of the supervisory board should be required under all circumstances for new admission. 11. By allocating a portion of the new shares to the state, the tax obligations of the entire issue should be deemed to be paid off forever, and these preferred shares should remain tax-free. Before we discuss the economic impact of the proposed organization, let us first get an idea of how it will be structured financially. Let us assume that the group will initially be composed as follows: state railways, mining, smelting, saltworks, machine industry, and chemical industry.

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132We calculate with the figures from 1913 because later data are unusable due to exchange rate fluctuations. We have profitability data for joint-stock companies and for state railways; we do not have them for all enterprises that are not joint-stock companies, i.e., for sole

proprietorships as well as for free trading companies, limited partnerships, etc. We can only estimate the earnings and capital value of these other enterprises based on the values of joint-stock companies. We use the number of employees as a criterion. We exclude individual enterprises, small and medium-sized enterprises. We compare only large enterprises with joint-stock companies—according to the Reich statistics, those with 50 or more employees. I relate the number of people employed in joint-stock companies to the total number of people employed in large enterprises in the corresponding sectors according to the 1907 census, thus obtaining a ratio that I use to extrapolate the business results of joint-stock companies to large-scale industry as a whole. I therefore assume that the average rates of fixed capital and business profits, as determined for joint-stock companies within the individual trade groups, also apply to other large enterprises within the same trade group. We then obtain the following summary (in million marks): Trade group Fixed capital of joint-stock companies Calculated fixed capital of large enterprises Personnel of joint-stock companies Percentage of personnel in large-scale enterprises: Mining 2 931.83 54.4 Machinery industry 2 253.28 43.95 182.54 Chemical industry .644.94 51.01 225.39 5 830.05 11 685.22 277.29 The capital invested in the large-scale enterprises in these three industries alone in 1913 is likely to have amounted to approximately 11.7 billion gold marks. (For all large-scale industry and wholesale trade, this estimate yields a figure of over 40 billion gold marks.)

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133The current gold value of our industry's fixed capital is significantly higher than in 1913. Prices have risen sharply even in countries with good foreign exchange. Wages have also adjusted accordingly. Today, one can no longer build and equip a mine, an ironworks, a machine factory, or a chemical factory at the same prices as in 1913. If we calculate with the gold coefficient of 2, we arrive at a present value of approximately 23 billion gold marks for the industrial branches to be included in the group. This does not include the railways. The fixed capital of the German state railways is given as 19 billion gold marks for 1913. Railways, too, are no longer as cheap to build as they were before the war. On the other hand, it is doubtful whether depreciation is sufficiently taken into account in the budgetary calculation of the fixed capital of the state railways. If we subtract 25 percent, we still have 15 billion gold marks for 1913, or, applying the gold coefficient of 2, a present value of 30 billion gold marks. The total investment value of the group would therefore be 53 billion gold marks. This does not include large industrial branches, including the major banks, which in 1913 had an investment capital of over 5 billion gold marks in the joint-stock companies alone. We therefore believe we can state with certainty: it is easy to form a group from large-scale German industry, with the addition of the state railways, whose secured investment capital would amount to at least 50 billion gold marks. This group would, of course, also possess the corresponding creditworthiness. But that would be the group's first task: to provide its affiliated companies with ample and cheap credit. For without credit, we cannot build. The impact of the corporation: the railways. I foresee that my

proposal to form a corporation of German industry will be seen as an attempt at socialization. This could at most be seen in the very general sense that every large concentration of capital

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134ultimately leads to that social economic form foreseen by science, which will one day replace the capitalist mode of production. But if the concern, in the form I propose, is already socialism, then the Potash Syndicate is doubly and trebly so. My proposal changes nothing in the form of ownership, in the mode of operation, in the relationship between the entrepreneurs and the wage workers, in the commercial distribution; it leaves everything as it was and simply unites capital for a higher output. In terms of the ties between the private enterprises affiliated to it, it even ranks behind the Coal Syndicate, which represents a trading monopoly. In my concern, the individual entrepreneur can shape his business practices entirely according to his own discretion; he should not be hindered in this by law, contracts, or bureaucratic regulations. The consolidation should arise from the community of interests in free commercial transactions. My proposal is also not made to implement a principle of social justice. The consolidation of industry should be for the benefit of industry itself, which in turn should benefit the state, increasing its revenues so that we can fulfill our obligations to the Allies. The first effect of the corporation, as already mentioned, will be to facilitate the procurement of credit for our industry. A corporation that is jointly liable for 50 billion gold marks will, of course, find entirely different credit options and conditions than the individual entrepreneur. For this reason alone, it is important that, as I have proposed, the state railways be incorporated into the corporation. It is important for the corporation, whose creditworthiness will thereby be increased, and important for the railways, which will thus be able to access industrial credit for the first time. During the war and the revolution, our railways were run down and neglected to such an extent that

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135that significant one-time expenditures are needed to restore them to a good state and keep them up to date with modern railway technology. The money used for this purpose would be a thoroughly productive investment that would yield good returns. Before the war, the railways benefited from cheap state credit. Now, however, things have changed: the close ties with the heavily indebted state undermine the railways' credit; this ties must be loosened, and the railways placed on a purely commercial basis in order to secure credit. This will be done through the proposed conglomerate. The railways are pledged to the Allies as state property; how would the Allies react to the railways taking out a loan in conjunction with the conglomerate they are joining? I believe that the railways have no value for the Allies as long as they continue to run at a deficit, as they do at present. Consequently, the Allies would have to agree to a course of

action that would rehabilitate the railways and enable them to generate surpluses as before the war. The railways' surpluses continue to accrue to the state and serve as collateral for its payments to the Allies. The railways will operate more economically overall if, through the corporation, they enter into closer relations with other industries, which in turn will derive great advantages from this. Whatever the form, heavy industry, i.e., coal and iron, and the means of transport, i.e., the railways, must be coordinated if we want to achieve the greatest efficiency of our industry. The nationalization of the railways in Prussia and the other federal states was done for military reasons, and these military considerations were also decisive for the expansion of the railway network and for the operation of the railways. Just look at the map of our railways, and you will easily be convinced that they were designed to move large masses of troops as quickly as possible to the eastern and western borders and along the front. The same was true of the operating resources. You know the inscription that accompanies us on every railway

136 journey before the eyes teemed: "40 men 6 horses." Our freight cars were equipped for this, but there was a lack of dump trucks for large coal shipments. Nationalization created a dividing line between the railways on the one hand, and industry and agriculture on the other: one was state administration, the other – business life. Railway administration had to take business life into account, especially since the aim was to generate high revenues for fiscal reasons, but too little consideration was given to the fact that the railways themselves only represent a part of general business life. Therefore, the business opportunities offered to the railways by their position in the business world were systematically neglected. For example, the German state railways are the largest domestic consumer of coal and iron. A businessman with such secure self-consumption at his disposal would have long since acquired his own coal mines and ironworks. He would, of course, not only produce for his own needs; he would also exploit his strong position as a producer. and consumers and traffic controllers, too! have exploited all of this to subjugate the entire heavy industry. The state railway administrations were far from it. They didn't even buy directly from the coal producers; they bought from the dealers. They sold their old iron at a cheap price and received it back at a high price in the form of rails, sleepers, etc. This will not change as long as the bureaucratic administration remains and as long as the state railways are viewed as a self-contained area that zealously strives not to encroach on general business life. Railways, coal, and iron belong together. These are naturally joined by the machine industry and the chemical industry. It is absolutely essential that an economic connection be established between these leading industries. There is no need to waste much more words on the concentration tendencies within heavy industry. We know how the syndicates and cartels have worked here, how the

137 mixed enterprises outcompeted the others and, like concentrated enterprises, pushed them out in all directions, exploiting them along widely ramified paths, so that the connection has already been established from coal to the newspaper and, unfortunately, also to the intellectual work of newspaper writers. A connection with the railways opens up countless possibilities for heavy industry to save costs and expand production. In normal times, freight is a major factor in calculating the price of both coal and iron, for the latter in two respects: 1. in the supply of coal and ore, 2. in the shipment of the product. The freight question, however, is not merely a question of freight rates; it is also a question of the time required for loading and unloading, for regular, uninterrupted delivery and dispatch. Large savings can be achieved simply by providing technically advanced wagons, by equipping loading equipment appropriately, and by organizing traffic. The extent to which the railways and heavy industry depend on each other can best be seen in freight transport. In 1913, the German railways transported 259 million tons of iron and coal, or 59.8 percent of our total domestic freight traffic. Now, the corporation, as we imagine it, is by no means a firmly established organization of industry and transportation. It is only a loose bond that surrounds the whole. The corporation is, first and foremost, an organization for jointly procuring credit. But even to achieve this goal, it must act as a control and regulator. Hence the stipulation that the companies affiliated to the group must submit to the profit calculation standards developed by the group. These standards will, of course, be adapted to the specific conditions of the individual industrial sectors, but will nevertheless ensure a high degree of uniformity. The main thing, however, is that the group will gain an overview of the technical and economic interrelationships and interactions of all German large-scale industry.

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138The major banks have shown, on a smaller scale, that improvements can be made. The concern, too, will not be content with good advice in its influence on large-scale industry. It possesses a powerful means of influence in that the large new credit to be obtained passes through its hands. When granting credit, it will have to consider the profitability and overall technical and economic status of the enterprises, and will be able to raise capital all the more easily the more its use increases profitability. Furthermore, according to our proposal, the concern should take over all reparation contracts and distribute them, and should seek to implement a generous construction program. Mastery of this vast field of activity gives it enormous opportunities to achieve significant savings through the concentration and organization of production and transport. Furthermore, the concern must be able to intervene in business life through its headquarters' own account. For this purpose, it is planned that the headquarters of the concern will have its own capital. Now let us see how this works out mathematically. We have already established that large-scale German industry can easily be combined into a concern with 50 billion gold marks of investment capital. The concern will, of course, not be content with summary estimates but will calculate the investment capital and

profitability of the individual enterprises based on the business books. I already mentioned the banks in my first outline without initially taking them into account. The concern could, however, be its own banker and its own insurance company. If it wanted to do without the existing banks, it would have to increase its capital accordingly. The integration of the major banks into the group is advisable, however, simply because the banks are closely linked to industry and because they have already exercised control over large-scale industry on their own initiative. There is no major company that does not cooperate with some bank.

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139 would be in closer connection. The organization created by the banks could therefore serve as a basis for the group to control the business conduct of its affiliated companies. Even at the founding of the group, the banks' files would provide valuable material for assessing the creditworthiness of individual companies. The investment capital and business results of banks, unless they are joint-stock companies, cannot be publicly determined, nor can they be estimated, as is the case with industry, because the number of employees is of little relevance to the size of banking transactions. To be on the safe side, we therefore only include joint-stock banks for which financial statements are published in our calculations. Furthermore, we add to the group: the phosphor and grease industry, which is part of the chemical industry; the minerals and earth industry, which is related to the construction industry; the transport industry, which includes light railways, tramways, and shipping; the insurance industry, which we include with the values of the joint-stock companies; and the construction industry, also only with the values of the joint-stock companies. After these additions, the group's capital would be composed as follows (in millions of 1913 gold marks): State railways (reduced fixed capital); Mining, smelting, saltworks; Minerals and earth industry; Machinery industry; Chemical industry; • Phosphor and grease industry; Construction industry (only joint-stock companies); Transport industry. .Banks (only joint-stock companies)•150005277167551821225567104303851944 53Insurance companies (only joint-stock companies)Total 37715This total of approximately 37.5 billion gold marks still falls far short of the actual investment values of the proposed group. Firstly, a number of industrial groups are only included with the value of the joint-stock companies, so that, for example, the construction industry, with its ridiculously low

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140 sum of 104 million gold marks appears, while the actual investment capital of the German construction industry is at least ten times as much; secondly, the corporate capital of joint-stock companies, which forms the basis of all our calculations, generally falls short of the actual value of the assets due to high depreciation; thirdly, our industrial assets, be they railways, machinery,

or buildings, can no longer be produced at their original cost, anywhere in the world. If we build railways or industrial facilities today, in any country in the world, whether in France or England, in North or South America, they cost us, even in gold terms, twice or three times as much as they did before the war. A transformation cannot occur until the enormous masses of war debt, which burden the money market even in the gold-standard countries, have been paid off. The old situation will probably never return, since wages can no longer be reduced from their current nominal level. This does not, however, rule out the possibility that prices could occasionally plummet during trade crises, such as the one world industry is currently experiencing. All in all, the foreign industry competing with us, which currently determines the world market price, must currently reckon with investment costs that are double or triple the capital of the German concern calculated by us. Applying a gold coefficient, we therefore arrive at a present value of at least double the calculated investment capital of our concern, i.e., 75 billion. We are therefore in a position to increase capital accordingly through the issuance of new shares and bonds. The accuracy of this conversion is confirmed by the fact that, despite the enormous domestic price increases, we are still cheaper than the others on the world market. The slogan that the domestic value of the Mark is greater than its foreign value means, in other words, that our industrial assets, despite the conversion that has taken place, are still valued far too low.

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141 Now let us assume that we initially increase the capital of the corporation to only 60 billion gold marks, thus issuing new shares for 22.5 billion gold marks. How will the profitability of the corporation be determined? It should be noted that the prerequisite for the calculation is the full employment of German industry. The corporation is created for this purpose. It is intended to boost our industry through joint credit procurement and the allocation of reconstruction contracts. In the same way, it is intended to bring about technical improvements and economic savings and thus achieve higher profitability. These latter results are, of course, difficult to calculate in advance. However, we do have some indications of them. Let us begin with the railways. In 1913, the net income of all German railways was 1,066 million gold marks. This resulted in a return on the fully calculated capital stock of 5.7 percent. However, this average result was such that the smaller railway communities had a lower interest rate, while Prussia had a significantly higher one. In 1913, which was generally a relatively unfavorable year, Prussia had an interest rate of 6.39 percent. In the two previous years, the interest rate was as follows: Interest on the full investment capital of the railways. In the year throughout the Reich 1912 1911 6.29% 6.41% Prussia 7.17% 7.20% The greater consolidation that took place with the takeover of all railways by the Reich must, under normal conditions, bring profitability to at least the Prussian level. This averages 6.92 percent for the three years before the war. However, this figure is calculated based on the full investment capital of the railways, which we initially reduced by 25 percent when calculating our group. Calculated on the reduced capital, the interest rate is 8.65 percent.

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---142We then increased the corporation's capital through new issues. Now it depends on how this additional capital of 22.5 billion is to be distributed. For example, we assume that the state retains 10 billion gold marks as its tax share, while 12.5 billion is used to support industry and transport. Of these 12.5, 3 billion may be retained by the corporation's central treasury for the implementation of new large-scale ventures, and 9.5 billion may be used to strengthen the capital of existing enterprises. 9.5 to 37.5 is approximately 25 percent. Thus, there would be a 25 percent increase in the capital of existing enterprises, all calculated in gold. In the case of the railways, we would not quite return to their statistically calculated fixed capital, with the difference that this would now be actual active capital, represented in plants, machinery, etc., and not merely calculated capital. This must be reflected in greater output and more profitable operations. We have pointed out often enough that the interruption of economic activity during the war and revolutionary years must have the effect that, with the restoration of normal conditions, a tremendous increase in production and traffic will occur. Consider what a resumption of construction activity alone would mean for railway traffic. Before the war, the transport of building materials (excluding iron) accounted for 27.5 percent of the total domestic traffic of the German railways. Consider how traffic must increase, since we now have to build several times the previous annual demand. It is therefore not an exaggeration, but rather a far too low estimate, to assume that in 1923 our railway traffic will have reached the same level as it would have been in that year if development had not been interrupted by the war years. In reality, since everything is happening at once, we will see a strong congestion of transport.

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143In the decade from 1904 to 1913, the operating revenues of the German railways rose by more than 50 percent. If we assume a 50 percent increase in 1923 compared to 1913, this results in gross operating revenues of 5,334 million gold marks. The operating coefficient of the Prussian railways, i.e., the ratio of expenditures to revenues, was 66 percent in the last years before the war. If we assume that through standardization of operations, technical improvements, and freedom from military dependence, it will be possible to reduce the operating coefficient to 60 percent, this is certainly not an overestimate. This leaves an operating surplus of 2,133 million gold marks. This is a modest calculation, closely in line with existing conditions. Should major problems be considered, such as the If, for example, the electrification of the railways were to be implemented, results of quite different significance would be achieved. These problems will certainly be addressed by the corporation; we also need electrification for agriculture, but these are matters of a longer development. For the near

future, we can probably expect that, if the Reich Railways are provided with the necessary credit to bring them up to speed in operational terms, and if the country's industrial activity is fully resumed, the Reich Railways should deliver an operating surplus of approximately 2,100 million gold marks. 8. The Corporation and the State. As a guide for calculating the profitability of our large-scale industry, we have the financial statements of the joint-stock companies. Here, too, we must resort to the pre-war period. The paper profits of recent years cannot be converted into the gold value of the assets. However, public limited companies have consistently undertaken substantial capital increases, but they have done so according to different principles and have consistently anticipated a further increase in the market price. Furthermore, production and profitability conditions in recent years have been subject to so many random

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144 are subject to such uncertainties that they cannot be used as the basis for permanent commercial calculations. In 1913, the profitability of the joint-stock companies in the industrial sectors included in our proposed group showed the following average values: Industrial sectors Annual profit in % Annual profit in % of dividend-bearing capital of total corporate capital Mining, smelting, saltworks. The same applies to the combined enterprises Mineral and earth industry Machinery industry Chemical industry Fluorescent materials and greases, construction, banks, insurance, transport. These 10 groups together: 12.66, 10.22, 14.93, 12.11, 10.549, 11, 11.349, 23, 22.08, 16.33, 12.01, 9.789, 828.40, 9.567, 42, 36.37, 13.91, 18.367, 16, 12.79, 8. Particularly noteworthy in this overview is the difference in profitability between combined operations and other operations in the mining industry. This shows how much industrial consolidation increases profitability. For 1913, we have calculated an average profitability of around 10 percent. This was at a time when German government bonds bore interest at 4 percent, while British and French bonds bore 32 percent. Since then, the interest rate on capital has risen enormously throughout the world, discount rates are high, and accordingly, higher profit rates are expected throughout the world. At a time when states and municipalities are paying 8 percent and more for their bonds, one must expect an average profit rate of at least 15 percent in industry. However, we only calculate this profit on the industrial capital raised; the 10 billion that, according to our assumption, the state is supposed to keep for itself are not taken into account in the profitability calculation. The remaining assets in the group, apart from the iron and steel

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--145 railways, 30 billion gold marks of capital raised, which should bring in about 4500 million net profit. Add to that the previously calculated operating surplus of the railways at 2,100 million,

making a total of 6,600 million gold marks at today's level. Now let's assume, for example, that the distribution of net profit takes place as follows: First, interest on the new shares up to 8 percent, of the remainder interest on the old shares up to 5 percent, of the remainder again the new shares up to 2 percent, and the remaining amount is distributed equally among all shares. The net profit we have calculated then results in the following interest: the new shares 15.8 percent, the old shares 10.8 percent. The state then receives (in millions of gold marks): for 10 billion new shares 1,580, for 20 billion old shares (railway) 2,160, a total of 3,740. In paper marks, calculated at the rate of 8, this is 46,750 million marks. If we were to use the daily exchange rate at the time of writing, it would be 56 billion. These are all estimates. The calculations we have made serve only as illustrations to show the amounts involved. When the group is formed, an exact calculation can be made based on the business books of the participating companies. A control of our overall result can be carried out to a certain extent based on the results of the Prussian income statistics. In Prussia in 1914 (in million marks): income from capital assets 2394.6; income from trade, industry, and mining 2286.5; a total of 4681.1. This figure is certainly too low rather than too high, since taxpayers generally have no interest in dividing their income.

 to overestimate. If we apply the result to the Reich, taking into account the larger population, we obtain 7,800 million gold marks at the pre-war level of the marks. This income, however, includes rent and debt interest and relates to the total income of trade and commerce, whereas we have only included large-scale industry in the most important branches of industry. However, despite the anticipated increase in the profit rate, we obtain a net profit of only 4,500 million gold marks at the current gold value, compared to 7,800 million gold marks at the previous gold value. However, we are also in a position to expand our group. For example, we have so far disregarded the large field of post, telegraphy, and telephone services. In 1913, 334,000 people were employed in these institutions in Germany; the gross income was 946 million, and the surplus 115 million. However, much remains to be achieved, especially in the area of telephones. This brings us to municipal enterprises, which we have also not considered in our analysis. The main thing is that large-scale German industry, including state-owned enterprises, offers sufficient security to issue a gold bond, which we need to rebuild industry and rehabilitate public finances. We have planned to issue 22.5 billion gold marks. We envision this as an issue of preferred shares of large-scale German industry combined in a conglomerate. The actual sum and the conditions can, of course, only be the result of extensive negotiations and discussions. As an example, we have assumed that the new shares would primarily bear interest at 8 percent. This makes an interest requirement of 1,800 million for 22.5 billion. This sum is unconditionally secured. In 1913, the operating surplus of the state railways and the net profit of the joint-stock companies affiliated with the group alone exceeded 2 billion, thus exceeding the 8 percent interest rate. However, the merger of all large-scale industry would certainly yield more.

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147We have other securities at our disposal if that isn't enough. For example, there is the municipal real estate, whose yield before the war in Prussia alone was 869.5 million gold marks, or well over a billion in the Reich. If we want to go even further in guaranteeing, we will issue bonds instead of shares, whose interest is paid not on net profit but on gross revenue, and for which the entire assets, which amount to several times the amount owed, are liable. The interest on these bonds will be lower. One could also pursue a combined approach and issue shares with a guaranteed minimum interest rate, but with a correspondingly lower share of the surplus profit. The most practical approach is to employ all three approaches: preferred shares, bonds, and shares with a guaranteed minimum interest rate, which is certainly feasible given the size of the capital sums being issued. In short, we can surround the corporation's capital issues with such collateral that they would become a generally sought-after stock market security, provided, however, that the proceeds are used to build up industry and that, in connection with this, healthy economic development sets in. If we only borrow money by pledging industry to pay our national debt without transferring this money to industry, industry will be driven to bankruptcy, along with it the German Reich and its creditors. Only through production can we spare the payments we have to make. Consequently, we must develop our industry. To develop our industry, we need credit. We obtain this through the corporation, which combines large-scale industry and state-owned enterprises. The corporation also opens up numerous opportunities to increase the efficiency of industry and achieve savings in production costs.10*

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148The central management of the corporation, consisting of the management, supervisory board, and general assembly, in which the government, the participating industries, probably also major cities and other public corporations will be represented, will also intervene in business life on its own account—we have assumed that three billion gold marks will be available to it—to implement large-scale plans. Thus, everything works together to promote economic development. The main objective is to bring German industry, including the railways, up to technological standards after the predatory economy of the war years. This alone will bring employment, thus wages, profits, rising consumption, and rising tax revenues. It involves the resumption of large-scale construction to alleviate the housing shortage. This is partly related to the reconstruction of industry. It involves making resources and artificial fertilizers available to agriculture. If production is fully resumed in all areas, it will cohere through countless interactions between production and consumption and will naturally drive the expansion of its base. At the same time, foreign trade will also develop. It is wrong to try to focus German

industry primarily on exports in order to gain as much foreign currency as possible. German exports developed in close connection with the domestic market. The construction of the railways, the development of major cities, and the development of agriculture were the driving forces behind the development of German industry and German exports. If the domestic market is deprived of German industry or restricted, exports will also be unable to develop, and the whole thing will collapse, like a house whose upper floors have been continually expanded without regard for the foundation. The quest for foreign currency then becomes a hunt for the shadow of past glories. But if German industry consolidates, then

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149Provided that the domestic war debt is paid off, the mark exchange rate will also stabilize. And if the mark exchange rate stabilizes, then the mark will serve as an international means of payment, just like the franc, the dollar, or the pound sterling. This is the solution to the problem, and not in forcing us to buy as much foreign currency as possible. In the long run, it is not at all necessary for the payments we have to make to the Allies to go abroad entirely in the form of goods in order to depress prices there. It is sufficient, provided our currency is stable, for them to remain as claims on Germany. The German billions can then be used as a means of payment in Germany, as throughout the world, and invested for advertising purposes. To stabilize our currency, however, the repayment of our enormous national debt is an indispensable prerequisite. Otherwise, we can neither balance our national budget nor develop industry. If we want to restore a secure currency, we must also resume the exchange of banknotes for gold, and we can only do this by adjusting to the changed exchange rate. If all this happens, the state will fully benefit from its participation in the concern. It will provide it with a secure and increasing income. State revenues will rise with the development of the concern's activities. This will soon exceed the basis we have calculated. Just the construction of the one million apartments we need is valued at 20 billion gold marks under current conditions. I have admittedly included the construction industry in the concern, but only with the small amount of capital of the joint-stock companies in this sector. In addition, there are the payments in kind to the Allies. State revenues from the concern can be further increased by incorporating additional branches of production into the concern, by increasing the proportion of state participation, and by increasing the state share of net profits. That is why I believe that the state's revenue from the company will double or triple in just a few years what we have calculated.

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The amount can be increased to 150 yuan gold marks, to 7 to 10 million. The state's participation in the corporation will not affect the state's existing tax revenues in any way. I only

demand tax exemption for the corporation's new issues. This is because we have to do everything we can to make the new issues popular. We have to do this because the gold bonds we have to issue for the Allies are also tax-free. And the state's participation in the corporation is, from the outset, a capitalization of taxation. The existing ownership, i.e., the income from the corporation's old owner shares, will continue to be subject to income, wealth, and other direct taxation. But the increase in the state's revenues from its participation in industry will give it the opportunity to intervene and reform all tax legislation, both direct and indirect. Implementing a fundamental tax reform will take time, because the foundations for this reform can only be created through the reconstruction of industry. But even during the transition period, the state will receive significant relief both from the increase in its revenues and from the fact that, according to our assumption, it will receive capital of 10 billion gold marks from the corporation's issues. In an emergency, it can help itself by selling part of its holdings of bonds or even shares in the corporation. The state will thus no longer be forced to hastily raise taxes and print banknotes to cover current expenditures, although this only worsens the situation; it can, by drawing on its capital, tide itself over during the transition period until normal conditions of production and consumption are restored. I expect a transition period of no more than two years if we get to work immediately. By the end of 1923, our industry can be brought up to a level that will already far exceed that of 1913.

-1519. Tax and Customs Reform. Only through the development of production and consumption can we rise. The state must take this into account to the greatest extent in its tax policy. Therefore, with consumption taxes, it is advisable, where commercially feasible, to adopt a monopoly. Other states have already had good experiences with spirits and tobacco. However, I don't see why the trade in the major exotic luxury goods, coffee, tea, and cocoa, shouldn't also be monopolized. Likewise, a monopoly of the sugar trade should be considered. Monopolies give the state the opportunity to generate profits through cheaper purchasing or cheaper production of products, as well as through the organization of distribution. Above all, however, the state is enabled to regulate prices and thus adapt them to the purchasing power of the population, so that a healthy development of consumption is achieved with increasing state revenues. Just like the wholesale merchant, who, even where he has no fear of competition, is careful not to drive prices above a certain level, because otherwise the decline in consumption would deprive him of the advantages of the high price, the state must do the same. What the appropriate price is can, of course, only be determined in practice. State monopolies can be implemented in other areas as well. For example, paper manufacturing could be monopolized without particular difficulty. However, I consider it inadvisable, for both economic and political reasons, to allow state monopolies to gain too much control. Industry and commerce have developed their own organizational form of collective enterprise. These are trading companies, with their most advanced form being the joint-stock company. These are cooperatives. These organizational forms are the result of centuries of development that have closely adapted to the

complex complexities of business life. The state, in turn, has developed its organizational form in connection with the army and tax collection. It is bureaucratic, as is its form of government.

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152mag. Until now, whenever the state entered the economic sphere, it simply applied its organizational form. This was wrong and led to failure. Industry cannot be bureaucratized. If the state wants to conduct business, it must apply the organizational form appropriate to business life. As a co-owner, whether in a joint-stock company or a cooperative, the state disturbs no one and can only promote business through its power and authority. For products that are heavily taxed, the transition to a state monopoly is a rescue from an untenable situation. Moreover, state participation is generally preferable to nationalization with monopoly rights. The paper factory we just cited as an example can very easily be integrated into the large industrial corporation. State participation in production is the only way out of the fiscal predatory economy we now practice. What we are now living through is not the era of unrestricted private enterprise, which, incidentally, never existed, but rather the era of general but unregulated state interference. The state does not claim ownership of industry, but it considers the entire industry its debtor, and it is the most hard-hearted creditor that has ever existed. The state must be restrained through participation. It must not be seen as the creditor who exercises its right of attachment at any moment, regardless of the status and future of the enterprise, but rather it must be the co-owner whose interests are closely connected with the enterprise. As far as direct taxes are concerned, it can certainly be proven that even at present in Germany, consumption taxes are more oppressive than these. But this does not prove that direct taxes can be increased. On the contrary, if high

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153 Consumption taxes are to be paid, direct taxes can be paid even less, because, whatever the individual tax may be, they are ultimately all paid from income. Everything is already so overtaxed that neither workers nor the middle class can pay more taxes; on the contrary, the tension cannot be maintained indefinitely; there must be some relief. But even for high incomes, there is a limit to taxation. This limit is not the cost of living; it is much higher; it is where the productive investment of income takes place. The assumption that rich people squander their income applies at most under very primitive conditions. In an industrialized country, it is different. The larger part of high incomes is used for new capital investments, i.e., for the expansion of production. And the higher the income, the larger the part that flows back into industry. A billionaire certainly consumes relatively much less for himself and his environment than a thousand millionaires. If income tax is so high that it affects the portion that is capitalized,

it thereby harms industrial development. In the portion of his income that he reinvests in production, the capitalist is merely an intermediary, the conduit connecting production to production. Using this portion of capitalist income for tax purposes is as wrong as tearing down telegraph poles to heat furnaces. But even apart from these economic considerations, it must be stated that, given the high level of direct taxation achieved in Germany, any further increase defeats its purpose for the simple reason that the taxes are shifted away. The business world has already become so entrenched in this area that the shifting mechanism functions with striking agility. The new taxes have barely arrived when prices have already risen. As a result, workers demand wage increases. To the extent that workers fail to raise their wages to the increased price level, they, like the consuming public in general, are the ones who bear the taxes. Ultimately, the whole thing fails,

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154The price increase, like the wage increase, has a negative impact on the state budget, since the state must also increase its spending with the general rise in prices. The aim now is to increase state revenues to 80 or 100 billion marks through tax increases. This is mathematically feasible. But the moment the state has collected these amounts, it will need another 20 or 40 billion marks to cover its expenses as a result of the increased prices and wages. It will therefore put the printing press to work, further depressing the currency, already depressed by inflation. This development is so certain that the business world is already anticipating it. The announced taxes have not yet arrived, and already our currency has fallen so much that all budgetary calculations have been thrown out the window. We have reached the end of our tax policy. We can only fulfill our domestic and foreign obligations if we rebuild our industry and increase production, which, of course, requires time. We must state this principle clearly and unequivocally. It is no use deluding ourselves and the whole world. The prerequisite for accepting the ultimatum is not that we harm our industry, for that would permanently reduce its profits and consequently our ability to pay. Nor is it a prerequisite that we lower the standard of living of the working population, for that would reduce its productivity and consequently the profits of our production. The prerequisite is that we can bear the burden of the ultimatum with increasing production, increasing productivity of the population, rising exports, and increasing development of the domestic market, without which industrial exports cannot increase, and thus with rising consumption. By intervening in assets, one can satisfy the occasional urgent demand of a creditor; permanent payments can only be achieved from the surpluses of the national economy.

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155It is certain that Germany will have to surrender a large portion of its surplus in the coming years. We have repeatedly estimated the amounts involved in the surpluses of the German economy in various ways. We now want to make a calculation that, at least with certainty, indicates the minimum level before the war. Our starting point is the Prussian income statistics, which undoubtedly represent minimum figures. According to the results of 1914, the income of the Prussian population was distributed as follows: I Income up to 3,000 marks III III V 89.5% of taxpayers 3,500-6,500 marks 5.3% 6,500-9,500 19 Over 9,500 marks 0.5% 4.7% 93 At that time, with very few exceptions, workers' wages fell into Group I. Group II was already the middle class, Group III the very wealthy middle class, and Group IV the rich. With an income of 9,500 marks, which corresponds to a current value of 120,000 marks, one could live very well at that time. There were 145,899 taxpayers in Group IV. If we assume 10,000 marks as the minimum subsistence level for this wealthy class, which would have secured them a very comfortable life before the war, their personal needs amount to 1,459 million marks. However, the total income of this group was 4,195 million marks. This leaves a surplus of 2,736 million marks. This sum already includes interest on debt and the revenue the state received from excise taxes and customs duties. According to the legislation at the time, this group had to pay approximately 180 million marks in direct taxes. This leaves a net surplus of 2,556 million marks. Since income for taxation, especially in agriculture, was demonstrably much understated, we can calculate at least a net surplus of four billion gold marks, which remained after all state taxes had been paid and after the wealthy class had been provided for a comfortable existence in 1914. This surplus was in its main mass even

156 not consumed by its owners themselves, but supplied to industry through new capital investments. The four billion gold marks can be described as Germany's annual savings in the period immediately before the war. The difficulty lies not in the fact that tax rates are not high enough, but in the fact that we no longer have these savings because our industry and agriculture have been run down and are no longer operating at full capacity. We need time and money to rebuild our economy. Then tax revenues and other government revenues will rise automatically. Any further indiscriminate taxation degenerates into a tax Bolshevism, which undermines the foundations of the national economy, continually overturns all commercial calculations, creates an insecurity of property relations that forces businessmen to rely on speculative profits, increases the risk premium and with it the interest rate, completely devastates the middle classes, exacerbates the social contradictions between producers and consumers, between tenants and homeowners, between workers and entrepreneurs, and continually inflames social struggles, so that the country can no longer find peace. Under these circumstances, the workers' struggle to improve their situation becomes a Sisyphean task: no sooner have they improved wages than rising prices destroy their success. Meanwhile, the state coffers are emptying as quickly as they filled, and only the army of tax officials is growing, eager to fill the bottomless Danaid barrel. Production and sales are everything. From this perspective,

we must also revise our customs policy. Until now, the basis of the German customs system has been grain tariffs. These can no longer be maintained, since the American grain price is twice the German one, and Russia has been eliminated from the world market. I therefore recommend the creation of a grain import monopoly.

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----157As the sole recipient of foreign grain, the state can exert pressure on world market prices to a certain extent. It can influence domestic prices even more. After domestic grain trade is liberalized, grain prices will rise further, and the state will be forced to increase the billions in food and emergency subsidies it currently pays. Instead, it is much more rational to sell foreign grain below purchase price during periods of inflation, thus lowering the general price level. The state can do this in the case of a grain import monopoly. If we consider a longer period, the state can build up reserves during periods of good harvests and low prices in order to act as a regulator during periods of inflation and bread shortages. Of course, it would be commercially irrational for the state to limit itself solely to foreign grain. However, thanks to the provisions of the grain import monopoly, it will also be able to purchase domestic grain in large quantities without importing it forcibly. Thus, if the state adjusts to longer periods, it can exert a significant balancing influence on prices, which would be beneficial for both consumers and agriculture. A further reduction in the price of bread can be achieved by merging the bread factories and their unification with the milling industry. Here, cooperation between consumer cooperatives, municipalities, and the state can be achieved. With the abolition of grain tariffs, our entire tariff system collapses financially. A conversion is necessary, primarily from import duties to export duties. To add some variety to this sober presentation, allow me to cite a paradox: import duties are export duties. If raw materials are subject to import duties, the product becomes more expensive, and consequently exports. If foodstuffs are subject to tariffs, wages rise, and the product becomes more expensive, and consequently exports. It therefore matters less whether the tariffs are imposed on imports or on exports.

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158 of exports, rather than on which goods and to what extent they are imposed. If the Allies impose a high ad valorem tariff on us, this will ruin our exports because it does not take into account the competitiveness of the various goods we export on the world market. Therefore, the establishment of a new, rationally differentiated tariff system is necessary. Our pure customs revenue before the war, after deducting import permits, was approximately 650 million gold marks. The task is to establish a tariff system that will generate this sum with appropriate distribution among the individual items of our imports and exports. Furthermore, it is necessary

that the wild competition of German industry on the world market cease. Before the war, thanks to the superiority of our young industry and the excellence of our commercial connections, we exerted price pressure on the world market. This must stop. We must refrain from participating in the formation of the world market price, but rather align ourselves with the world market price as determined by the industries of other countries. We are entering an era of international price conventions. Until then, cartels and syndicates have had a price-regulating effect. The large corporation we envision will, for its part, open up numerous incentives, possibilities, and necessities for bringing about domestic and general price agreements. German trade and industry, and with them German agriculture, can only develop in the closest connection with world trade and world industry. If this connection is disrupted, we will not only be unable to meet our payment obligations, but will no longer exist as an industrial country at all. This is the question that the ultimatum confronted Germany with. Rejecting the ultimatum would have cost us the Ruhr region and Upper Silesia. That is now certain. Certainly, France would not get its money's worth in the process. France would be ruined, but we would be even more ruined.

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159, and the entire world was embroiled in a crisis whose end and consequences are unimaginable. The question was therefore not: pay or get beaten; rather, it was pay or perish! It wasn't just about Germany; it was about the entire world. It was about finally restoring peace and order. In short, it was about ending the war, restoring peaceful conditions for the development of world industry and world trade. Only through this could the conditions be created for the development of the German economy. This development would bring it to the level of 1913 and then beyond. Our ability to pay would also increase to the same extent. We have calculated 4 billion gold marks above as Germany's annual savings before the war. We don't need to give them up in full. Firstly, a large part of our payments, as has been demonstrated previously, can be made through savings on military expenditures. Secondly, as has also been emphasized often enough, the gold mark was more valuable before the war than it is today. Just as it is wrong to compare today's paper mark with the gold mark, it is equally wrong to equate the pre-war commodity mark with today's gold mark. Finally, one must not believe that the billions we pay abroad are completely lost to us. To the extent that we receive payments in kind, it is clear that the money flows back to us. So it's the same game as with our previous large-scale military and naval expenditures. For the armor plates and cannons we manufactured did not increase our prosperity, and yet we lived off them because they created employment. But what happens to the money we pay in cash? It flows to the populations of the Allied states. And then? Then it appears as increased purchasing power on the world market and thus, in turn, also affects our industry, among others. We are demanded to pay in foreign currency.

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160 will see these payments converted back into marks to buy German goods. The more cash flows from us abroad, the more the money will be devalued there, and the more expensive our goods will be to pay for, unless we ourselves drive down prices through savage competition. The preconditions at home, however, are the repayment of the war debt and the procurement of a transitional loan for industry and the state. Therefore, we cannot avoid this, no matter how one views it. The Chancellor presented a bill to the Reichstag before the deadline to justify the planned large tax increases. Accordingly, if one disregards the expenditures for the implementation of the peace treaty and the repayments to the federal states, the actual Reich expenditures are as follows: ordinary budget. Extraordinary budget, including: for subsidies to business administrations 35.8 billion 32.8 billion 13.9 for food subsidies, unemployment benefits 14.2 billion 1. But how can anyone imagine covering an extraordinary budget of this size with current revenues? Obviously, a bond is needed for this. What sense does it make to increase the cost of living through new taxes when we already have to pay over 14 billion marks in subsidies to the poor population? With the liberalization of grain trade, bread prices will also rise automatically; if the compulsory rent system is lifted, there will be a huge increase here as well—and new taxes on top of that? Then we'll have to increase the emergency subsidies to 30 or 40 billion! However, these subsidies must be eliminated, and they can only be eliminated by increasing production and reducing tax burdens. To the extent that the subsidies to the operating administrations have arisen due to the deterioration of the coefficient of utilization, they must be eliminated by changing the tariffs.

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161. But that is not the main reason for the deficit. The main cause is new purchases and additions. However, this cannot be covered from current revenues; a loan is required for that. These are ongoing purchases that will increase profitability. It is wrong to attribute them to a single year. However, they have gone much further. Even in the regular budget of the state railways, we find expenditures that are not actual operating costs, but rather current purchases. For example, 2,263.3 million for the purchase of new locomotives and other vehicles. This is a particularly blatant case, where it is immediately obvious to everyone that the expenditure cannot be attributed to a single year. The railway budget for 1921 contains, in terms of material expenditures, the request for 5,433.8 million for "maintenance and addition of equipment and procurement of operating materials." These are the actual operating expenses. Then come 4,098.4 million for "maintenance, renewal, and expansion of structural facilities." From the explanation, we see that this involves the reconstruction of 2,350 km of track and the procurement of materials "in stock." This is evidently a large one-time expenditure that must be covered from extraordinary funds. Next comes the item "Maintenance, renewal, and expansion

of vehicles and machinery" at 8,166.3 million marks. This includes the previously mentioned 2,263.3 million for the procurement of new vehicles and a further 1,521.5 million for the procurement of materials "in stock." A large portion of the item "wages of workshop workers," at 2,174.7 million, will certainly also be allocated to new production, as will the 2,206 million for "other expenses." All in all, the regular railway budget is likely to include around €10 billion in one-off expenses, which, according to proper commercial calculations, should be covered by a bond. Subtracting this amount from regular operating expenses, which are calculated at €28.3 billion, leaves €17.3 billion compared to operating income of €27.6 billion. Instead of the deficit, Parvus11

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162, the railways' regular budget then shows a surplus of 10.3 billion marks. Let us assume that, to cover the railways' one-off and extraordinary expenses, a loan of 20 billion paper marks is raised, and that the interest plus amortization on this loan amounts to 8 percent annually, this results in an interest requirement of 1.6 billion, leaving a net surplus of 8.7 billion. But the loan cannot be procured? Yes, because the Reich's credit has been exhausted. To consolidate this, I propose the formation of a corporation that would encompass the railways and large-scale industry. With this, I conclude my discussions on the implementation of the ultimatum.

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THIRD PART: POLICY AND REPARATION11.

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Sick France. Berlin, June 26, 1920. France is sick. It is suffering from a lie. This lie is called: boche! The small, sharp, poisonous word pierced the ears of the French people and infected their brains. France can no longer be just when it comes to Germany. For it thinks: boche! Noble France loses its sense of humanity when it concerns Germany. For it thinks: boche! France, which first inscribed the slogans of liberty, equality, and fraternity on its revolutionary banner, is becoming despotic and brutal toward Germany. For it thinks: boche! There have been French people who knew what civilization owes to the German spirit and German diligence. Victor Hugo, the flaming heart of France, loved Germany. Does France no longer think of its great poet? It thinks: boche! Have not the peoples of Europe together, over the centuries, created the great work of European civilization? Is the further development of this civilization conceivable without Germany? France no longer considers it. It thinks: "Boche" and sends Negroes, sends the other dregs of Africa and Asia as lackeys to Germany. This word was born in hatred, baptized in blood, plague is its breath, destruction and ruin its propagation. The vultures of France would like to grow fat on the corpse of Germany. They would bring not life, but decay to France. How can France thrive when 70 million Germans are rotting, decaying, in misery and misery on its borders?

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166 sinking, trampled down by brutal foreign rule, oppressed, humiliated, robbed of their sources of life, their hopes for the future? When France called on the world to fight against Prussian militarism, people remembered the times of the great French Revolution. So great was the tradition of that glorious era that it resonated even in the countries that were now at war with France. But France cried out to them: Boche!—Boche means: We are the light of civilization, you its shadow, the world exists for us; because we are the stronger, you must serve us, you eke out your existence on our mercy and have a right to exist only insofar as it benefits us. Revolutionary France brought liberal institutions to the world it had conquered. It brought liberation from serfdom to the peasants, freedom to the cities, freedom to the oppressed nations. But what does contemporary France bring? The promissory note! What does it demand? Money, money, and more money! France is suffering. Grim in its suffering, it growls. And the defeated peoples, subdued by the iron fist and yet at the same time moved by compassion—for they themselves are suffering—are eager to contribute to raising France. They only ask that they be given the opportunity to do so—the material, spiritual, and moral opportunity. They demand bread so they can work, freedom, without which the spirit cannot develop, the opening of world traffic routes, for without world traffic there can be no industry and no culture. They demand that their hope for a better future not be taken away, for where hope ends, there is no joy in creation—there is life. But France answers with clanging slave chains. And again and again the hoarse cry: Money, money, money! That is the culture that France brings us. Us—the Boches! But money, the measure of value of production, sinks to zero where there is no production.

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167 Money without industry becomes the knife of worthlessness. France, thirsting for money and simultaneously destroying the material and spiritual prerequisites of world industry, surrenders to a hashish of numbers. It has heavy dreams of numbers, while the material ground of real wealth disappears from under its feet. Poor, sick France! Consumed by inner fervor, whipped by a thousand fears, it sees ghosts everywhere and sees Bismarck's shadow rising behind the churchyard walls of Germany. But Bismarck is unthinkable without an army. The armies of Germany are no longer there; they lie in the fields of Champagne; they can never rise again. Germany is bound and shackled, it bleeds from millions of wounds, it thinks of everything but military revenge. A new spirit pervades Germany. We, the Boches, we place all our hope in the spiritual forces of the German nation. We want to work and act, create new values. But France clangs its weapons. The Prussian militarism that France fought against, it has it in its very body; it has only defeated it by outdoing it; it is infected by it to the bone. France is sick—what a danger to civilization, to humanity!

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Poland and French Militarism. Berlin, September 11, 1920. I maintain: To secure Poland's independence, the armament of Poland is less important than the disarmament of Russia. Old Poland perished under the superior power of the Muscovite Empire. It was not Prussia and Austria that destroyed it, but Russia. If Poland had not been divided between the three powers, it would have swallowed Russia whole. The Tsarist Empire would then have long since become the ruler of Europe. This must be understood by everyone who does not interpret history according to the ideas of the French Ludendorffs and Tirpitzes, but rather reads it from a general, at least European, perspective. By disarming and destroying the Central Powers, an empty space has been created behind Poland, militarily speaking. Its resistance to Russia had to be all the less, since it was inferior in population and economic power, and consequently also militarily, as its historic downfall demonstrates. A policy by Poland that sets it at odds with its western neighbors is therefore a suicidal policy. A policy by Poland that leads to military rivalry with Russia will lead even more to ruin. The solution lies in the League of Nations and general disarmament. By this, I understand the federation of European states, as socialism has long demanded. The prerequisite for this—I have emphasized this repeatedly—is the independence of Poland, the Ukraine, and the Russian border states, because otherwise Russia, through its massive state centralization, would gain a preponderance within the League of Nations itself. This is purely political; moreover, the League of Nations can only develop healthily if the independence of each individual nation is fully preserved within it.

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169In the military conflict with Russia, Poland would sooner or later be defeated. Perhaps this was one of the motives for seeking the conflict now instead of postponing it, for it was believed that it could best prevail against a Bolshevik Russia. But it has become clear that even a Bolshevik Russia is superior to Poland. The national enthusiasm that the Polish attack was bound to trigger in Russia was also overlooked. It overestimated its own strength and failed to take the time factor into account, for it takes time for a new state to form a consolidated army. Furthermore, too little consideration was given to the social disintegration that Poland itself was going through, or perhaps it was precisely because of the difficulties in domestic politics that it was sought as an external solution. Moreover, the longing for peace that fills the entire world has been ignored. Even though the Russian armies have been thrown back at the gates of Warsaw, this year's campaign has nevertheless turned out in Russia's favor. The rapid retreat of the Russian armies is, incidentally, further proof of their great mobility. Whether the Russians will succeed in regrouping is a question of supplies; the Poles cannot prevent them from doing so militarily. A new major Russian advance is certainly within the realm of possibility, unless there is an early cold snap. In any case, a winter without peace will present the Polish government with almost insurmountable internal difficulties. The main thing, however, is that it is in Poland's interest to maintain good relations with Russia. Poland must and will therefore elude the insinuations of the imperialist daredevils of the Entente. The Entente's policy toward revolutionary Russia had the fight against Bolshevism as its leitmotif. Behind this, concealed from the outset and becoming increasingly apparent with the outbreak of revolution in Central Europe, was the fight against socialism in general. Imperialist and purely robber baron interests also played a role.

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170The imperialist interest lay in eliminating Russia from the solution of the Oriental problem. To this end, it was necessary to remain on a war footing with the former ally, without whose support not only victory but the war itself would have been impossible. This happened and turned out in favor of England, which, with the elimination of Russia, gained dominance in the Orient. On the French side, they seem to have seriously believed that they could rule Russia with the help of a military camarilla. They believed that in this way they could harness the military forces of a bourgeois Russia with greater strength. That this was a betrayal of Poland, which could never exist alongside a militarily strengthened, reactionary Russia, is the least of it. But it was a completely false calculation, for a militarily reconstructed Russia would not pursue French policies, but its own. One should be under no doubt about this either: a militarized Russia,

whether ruled by Tsarism or Bolsheviks, will be imperialist. Perhaps the French imperialists also envisioned an alliance with a militarily strong Russia in order to dominate the world. Such an alliance would turn its point against Great Britain. But the plan was certainly to plunder Russia with the help of the counter-revolutionary Russian generals, whether they were to rule for a short time or a long time. The whole thing failed because the driving forces of the Russian Revolution were misjudged. The old regime, along with its entire coterie of courtiers, military officers, and businessmen, has been dismissed. One can certainly establish a tyranny in Russia, as the example of the Bolsheviks shows, but one can only rise to the top if one relies on the social forces unleashed by the revolution itself, be it the workers or the peasants. Under these circumstances, the Entente's struggle against Bolshevism achieved the opposite of what was intended. The social bankruptcy of Bolshevism had long since arrived when the

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171 outside interference assigned national tasks to it. The Russian people were given no respite to organize their political situation. They had to wage war. Bolshevism was given enormous means of agitation: It waged a struggle for the republic and for the independence of the empire, and it protected the peasantry against the return of the landlords who would take back their expropriated land. Bolshevism thus gained the opportunity to raise an army with which it suppressed both its military and political opponents. These disastrous effects are clear to everyone except the current rulers of France, the military imperialists. In contrast to the imperialism of England, which supports its economic world domination with armed force, French militarism aims to work out the victory for French world domination. The initial motives for the war have been forgotten; revenge was merely a lure for the people who filled the trenches with their bodies. The French militarists consider the entire world their domain; with the right of the victor, they lay their hand on every patch of earth, every state constitution they can reach. The traditions of French military imperialism date back to Napoleon I. However, it has since undergone a development that led through Bonapartism. In France, the distinction between Napoleon I and Bonapartism is clearly evident. Great historical events have spoken very eloquently about this. Napoleon I brought France world domination, Bonapartism its collapse. Napoleon I's world domination failed because of the resistance organized and led by England; Bonapartism, on the other hand, took care of England's affairs through the Crimean War. Contemporary French militarism, which seeks to exploit the disarmament of the Central Powers to establish its own tyranny, is laying the groundwork for Russia and Asia. Bolshevism has already created an army based on the old model. The cadres are there, into which ever-increasing masses

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172 can be inserted. Bolshevism is forced to do this by the continuation of the war, and the murderously patriotic enthusiasm triggered by the Polish War gives it the moral support it needs. With the mass recruitment of the Bolshevik armies, however, their social and political character must also change. The Bolsheviks have eliminated the peasants from politics through the Soviet system and are bringing them back into politics through the army. The Bolshevik core troops will be overrun by the peasant masses who have nothing in common with Bolshevism. To hold this army together, the national element will have to be emphasized more and more, and both organization and discipline will have to be made ever more stringent. Either the Bolshevik government does this, or it will be pushed aside or overthrown by the national leaders as the war continues, if it continues for a long time. Either way, we have the old Russian military power before us in a sure development. This Russian military power could not be in favor of France simply because it is developing in the fight against France. Militaristic Russia will, as we can already see, and this results from the situation created by the World War, orient itself toward the East. Bolshevism is revolutionizing Asia. It is thus laying the groundwork for militaristic Russia, which will militarize Asia under Bolshevik or national leadership. Russia will then strip off the last vestiges of European culture, which it now displays like a ragged and lice-ridden vagrant's garb, and retain only European military organization and equipment in order to lead the fight against Europe as the vanguard of the Asian masses. That is the looming danger. Russian Bolshevism and French militarism are working toward the downfall of Western European culture.

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The Paris Resolutions. Berlin, February 5, 1921. France once again surrendered to a hashish of numbers and suggested its delusions to its allies. In doing so, it created a fiction through which it harmed itself the most. For what matters most is not whether Germany signs the promissory note, but whether the world recognizes it. Even if we were forced to sign a promissory note for 1,000 billion gold marks, France would gain nothing, for it would have nowhere to place this promissory note. What France needs is a secure, fully valid stock market instrument with which it can settle its international obligations and which also has secure circulation and unshakable value at home. German payments can only provide the basis for this if the whole world agrees that they can actually be made. It is therefore less a question of our consent to the monetary demands imposed on us than of the world's recognition. This recognition is lacking in France and its allies. It has not only been lacking since today, since the announcement of the resolutions just passed; it has been lacking from the very beginning, ever since the provisions of the Treaty of Versailles became known. The stock market has reacted to the fantastic compensation plans quite differently than the authors of these plans had hoped. This is a fact that France should not be deceived about. Why is it that, despite France's tremendous victory and despite the fact that the whole world knows that France will in any case receive enormous

sums of capital from Germany, the exchange rate of the French franc has rapidly declined since the announcement of the Versailles peace terms?

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174 and that it is now not even half its nominal value? Why is the French franc now not even worth half what it was in the worst days of the war for France? Because the conditions of the Versailles Peace Treaty, because the subsequent behavior of France and its allies, have created a growing and very definite impression throughout the world that Germany is being ruined. But if the creditors themselves drive their debtor to bankruptcy, how can they expect others to discount the bills of exchange of this doomed debtor? If France imposes demands on Germany that the uninvolved world, and not even its allies, believes will be fulfilled, then France is simply told: "Keep your expensive German promissory notes for yourself." What is the use of calculating Germany's claims in gold? That is not security, but rather a fiction, since no one pays in gold anymore. Calculating in gold only means that the actual sums, depending on the exchange rate, are 10 or 20 times the nominal value, but payment is made in banknotes. We cannot dig gold out of German soil. Even if we could, it wouldn't change much. But the fact remains: We own no gold mines. We can only pay from the proceeds of our labor. If our industry and trade are stopped, if the living conditions of our workers and the general cultural conditions of our country are worsened, we cannot produce as much as before, and we cannot pay either. In the last years of peace, Germany had a merchandise export of around 9 billion gold marks; China, despite its population being seven times larger than Germany's, only exported 1 billion gold marks. Why the difference? It lies in the fact that Germany delivered quality work and exported high-quality industrial products. This was the result of an entire cultural development. This difference in export figures is a measure of culture. Chinese conditions are created in Germany with Chinese wages and

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175 Chinese wantlessness, and Germany will become correspondingly impoverished, its exports and its overall financial performance will decline. The whole world knows this and takes it into account. Only in France do they not want to see it. This will ruin Germany and ruin France. How are German industry and trade supposed to develop if its exports are taxed at 12 percent? In other words, that means making German goods 12 percent more expensive in all countries. That is a global blockade against German trade. The statesmen in France and England should ask themselves where it would lead if the whole world were to impose an extra 12 percent tariff on French or English exports, as opposed to goods of other origins. France and England would resist this with all the means at their disposal, for they would claim that the entire

development of their national economy would be affected. And this is the situation they want to place Germany in. How are we supposed to make up for this surcharge? Our industry operates not under the most favorable, but under the less favorable natural conditions. Our foodstuffs are insufficient; we have to obtain them from abroad; we have to import our most important raw materials from abroad. We pay for them in foreign currency, and they cost us more than in the country of origin because they are made more expensive by freight, and overseas freight is now less favorable for us, since we have lost our large merchant fleet. Our industry is geared towards the world market. Since our sales opportunities have diminished due to the war and the ongoing uncertainty of the situation, we have a large number of unemployed people to support, and in addition, our factories operate with surplus personnel. This in itself makes production more expensive. How are we supposed to assert ourselves on the world market if we also have to pay higher raw material prices and levy a surcharge on our manufactured goods? This contradiction is so horrendous that it is unnecessary to go into details, such as the fact that it is a mockery

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176 against all the principles of modern trade policy if all export items of a large industrial country were subject to the same percentage ad valorem tariff. If it were so easy to work with an ad valorem tariff, why do industrialized countries have their complicated tariffs with thousands of individual items and their costly administrative apparatus? But if you cut off someone's head, there's no point in discussing which part of their body could more easily endure a beating. The export tariff means the ruin of German industry. It would therefore not bring in the billions desired by France; in fact, it would also impair Germany's other payments. As a result, it would not increase but decrease France's creditworthiness. If the monetary demands on Germany are enormously exaggerated, and if, in addition, German industry is being strangled, how can France hope to capitalize its German annuities at their full value, or even close to it, on the international money market? England, which cannot be denied practical sense, has refrained from capitalizing its German payments from the outset. It does so, as has been explained, as a courtesy to France. But it can easily do this courtesy, for it knows that it can only borrow money based on German payment dignity under very unfavorable conditions. England is therefore waiting until the stock exchange has made the necessary reduction in the artificially inflated debt amounts and, in the meantime, is leaving it to France to conclude the unfavorable loans. Therefore, it will not improve France's credit by imposing restrictions on the regulation of our government and even municipal loans. Who will lend us money under such conditions? This French fear that we will outstrip it on the international capital market is truly a bloody joke. But it is again a fiction that deceives France about the fact that it

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177undermines the very ground beneath its feet. But it is by no means a matter of indifference to Germany if its state and municipal credit, already reduced to almost nothing, is further restricted by special obligations and prevented from accruing. For no city or state can survive without credit these days. Whether we build tramways or want to expand our hydroelectric power, we need credit. And if we are prevented from doing so or the terms of credit are made more difficult, our industry will suffer, and with it our ability to pay. The consequences of the Paris resolutions are so monstrous that one can hardly believe they are meant seriously. But we have seen in recent years how disasters pile up on disasters, and we have not the slightest reason to doubt that if France itself does not finally come to its senses, the resolutions will be implemented with all their disastrous consequences. What could not have been done long ago to restore normal economic conditions in Europe! But the two and a half years that have passed since the cessation of military operations have not improved conditions, but worsened them. When the peace treaty was written, the French franc still had almost its full value. In February 1919, one Swiss franc paid 1.03 French francs. Since then, the exchange rate has fallen continuously, and by April 1920, the French franc was worth only about a third of the Swiss franc. It now stands at about 44 centimes. During the worst of the war, 10,000 francs of French rent could buy 1,200 dollars; now, one can barely get 800 dollars for that, if one can even find a buyer. If further fictitious values are created, the prices in Germany and France must continue to fall. At the time the peace treaty was drafted, 100 billion gold marks were equal to about 200 billion paper marks; now it is 1,400 billion. With the enormous amounts of circulating money and despite the decline of industry, discount rates and bond interest have risen. All commodity prices and wages have been adjusted to the multi-par value.

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Increased 178-fold. Under these circumstances, a sharp reduction in the amount of money in circulation is necessary for the recovery of world industry, not an increase. France, however, wants to bring another 3,000 billion marks onto the market. That is the amount of compensation demanded at the current exchange rate. The exchange rate is already falling and will continue to fall. Then it could be 10,000 or even 20,000 billion, or who knows how much. Austria has already shown how low exchange rates can sink. The consequence will be a further enormous increase in the price of food and all goods, and a further increase in the cost of credit. If France and its allies had acted quickly and sensibly upon the conclusion of peace and imposed payments on Germany that it could actually afford, exchange rates would not have fallen; they might even have risen, and France would have real money with which it could accomplish great things, instead of enormous sums written on paper. It would have lower prices and a lower interest rate on its bonds. Everyone knows how sad France's economic situation is, but what use is it to the French people, especially to the war-damaged, if they get their hands on promissory notes, be they government bonds or banknotes, that are priced at high prices but for

which they can buy little? If the conditions of export duties and credit restrictions are maintained, this will lead to Germany's bankruptcy. Then France will get nothing at all. If these conditions are disregarded but the high compensation amounts are maintained, the stock market will try to reduce the fictitious sums to their real value. It cannot do this all at once. This can only be the result of price fluctuations that will temporarily fall well below the real value. Increasing uncertainty and a deterioration in the credit of both Germany and France will be the result. But if France has to pay interest on its debts, it will have the same effect as if its compensation had been reduced. In peacetime,

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179---France pays interest on its national debt between 3 and 33 percent. It already pays 52 percent. The direction this trend is headed is demonstrated by the example of Switzerland, which concluded its most recent loan at over 9 percent. If healthy conditions are created, a reduction in interest rates will be achieved in the foreseeable future, and it is reasonable to assume that a country like France will hardly need to pay more than 4 percent interest in a few years—the French calculation is for 42 years, after all. If, however, the uncertainty persists and further enormous quantities of fictitious assets are thrown onto the money market, the Swiss interest rate of 9 percent will be exceeded and, in any case, generalized. But if France has to pay a full 9 percent interest on its national debt instead of 4 percent, it will receive less than half of the calculated compensation sums due to its share. Who would benefit from this? The intermediary of the French credit operation on the money market! It is said that England wants to take on this role. Then the result would be this: France gets the note, England gets the money, and Germany bears the loss. The London Stock Exchange seems to be already preparing for the deal, as it has drastically reduced the value of the French franc since the Paris resolutions became known. Add to that the general misery, the financial uncertainty, the disruption of all economic and political conditions. It is madness, even if there is some method in it. There is no way out except reversal. France must approach its financial dispute with Germany from a different perspective. It is not a matter of burdening Germany as heavily as possible, but of securing for France the greatest possible share in the development of German industry.12*

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France's Credit and German Payments. Berlin, February 26, 1921. A country's credit is composed of material and moral factors. The government's policies and its international reputation are sometimes of equal or even greater importance than the country's economic resources. How is it that France's credit is in such a poor state? Since Napoleon's world conquests, France has never been as militarily and politically successful as it is today. It plays

the leading role in Europe and dominates the Central Powers. A number of smaller states it created provide it with vassal services. But its credit is languishing and is steadily weakening. It has declined colossally since the end of the war. During the war, even in its worst times, confidence in France was maintained; since France's victory, confidence in it has declined rapidly. The French defeat in 1871 failed to shake France's credit—the French still boast of it—but victory did. How are these things connected? First, the economic factors. France was worn out in the war. It had to muster the largest relative force, it had the enemy armies in its country the entire time, and it fought the war the longest with its full force, much longer than the English or even the Americans. In addition, the economic balance of the war differs depending on the industrial development of the Entente countries. France had the most expenditures but the least earnings, as did Italy; in contrast, England and America, in addition to their expenditures, also had enormous revenues from deliveries, freight, etc. France-

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Thus, the German Empire fared worse economically than England and America, but it had the political advantages: it had annexed large swathes of land, occupied others, rendered the Central Powers defenseless, and dictated its will to them. France wanted to exploit its political power to protect itself economically. This French will largely determined the Treaty of Versailles. But France overestimated the economic opportunities available to it; it indulged in excessive exaggerations. It thought only of making the highest possible demands, not how they would be met. Its maxim was: "The Boche will pay." France overestimated our strength. It had far too high an opinion of our industry, of the material and intellectual potential of the German people. The contemptuous phrase "The Boche will pay" actually contained a tremendous recognition of German culture. France believed that anything was possible for Germany. The German people were more numerous than the French, German industry was strong, German technology was exemplary, German inventiveness knew no bounds, German diligence was boundless, German organization and German science were unparalleled: "The Boche will pay!" This demonstrated that the secret source of hatred against Germany was envy; that behind the little word "Boche" lay, subconsciously, the recognition of one's own backwardness. Germany was viewed as an industrial and cultural monster that one wanted to harness to one's own cart so that one could lead a lazy existence. And one was only concerned with loading as much as possible. But it didn't work; the cart broke. No one in France believed that these enormous burdens could be lifted by an exhausted Germany, and therefore France's credit declined. When the great victory came, France's prestige rose immensely. Its leading role in world politics was recognized and it was concluded that it would now develop its industry and achieve economic prosperity.

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182, but only through internal development, through an increase in France's productive power. When it was seen that this was not happening, that France only wanted to extract more money from Germany, that it was thus preparing itself for a parasitic existence, France's credit received its first major blow. To increase its authority, France believed it could do nothing better than to continually humiliate Germany. It wanted to demonstrate to the world again and again how thoroughly Germany had been defeated and how much France had the preponderance of force on its side. The threat was continually renewed: now we will march in, we will occupy this or that territory, Germany cannot stop us. This, however, did not arouse enthusiasm for France in the uninvolved world, but rather triggered a depressing effect. Impressive as France's achievements during the war were, its incessant rattling of arms after the war against a defenseless enemy was seen not as a proof of strength, but rather as a sign of inner unrest, and thus of a lack of self-confidence. In any case, France was not impressed by this: neither by the neutrals nor by America. Germany's reputation, however, suffered greatly from the continued humiliations it had to endure. Germany stood tall despite its defeat; it has now been reduced to smallness, so small that there is hardly a country in the world toward which one could allow oneself what one allows oneself to do to Germany. What one did not even dare to plan at Versailles—namely, to undermine Germany's commercial and financial independence—is now being proposed and discussed with complete calm. But what good is it to France if its main debtor appears weak and insolvent? France's credit was only further impaired by this. Meanwhile, the political situation also changed. The first major event was the United States' secession from the League of Nations. People let it happen, believing they could manage without America. They were perhaps even glad that their big brother from across the water was withdrawing. They believed that America could now

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183 things in Europe, so that they could stay among themselves. That was a great mistake. America has become so entangled in the fate of Europe through the World War that it can no longer escape. America's separation from the League of Nations does not mean its exclusion from European politics, but rather an independent position for America in the midst of the struggles of interests in European politics. The League of Nations' reputation thus suffered a rupture that it will no longer be able to repair. But the League of Nations guaranteed the stability of political conditions, without which there can be no credit. As the League of Nations' authority declined, so did France's credit. During the same period, the Entente, and above all France, suffered a tremendous defeat in Russia. Russia could not be dealt with, even though the defeats and the revolution had devastated its army. The full significance of this moment will only become clear in a few years, when Russia becomes a modern state. But the very fact that France's power had completely failed on Russia's borders cost it a good portion of its prestige. As a result, France's credit sank again. The world cannot escape from this disorder. Russia's vast

territories, which formed a significant part of the world market, are kept outside of global trade. German industry is prevented from developing. There is overproduction in America and England. After commodity prices were first artificially kept high, there is now a price collapse, the initially destructive effects of which will soon spread throughout Central Europe. The authority of the League of Nations has vanished; no one respects it anymore. What now forms the basis of the political order in Europe? The Treaty of Versailles. But this has now been violated by the Entente itself through the Paris resolutions. What, then, rules in Europe? Neither law nor justice, but the saber of France! This, however, has created a political uncertainty that undermines the credit of the world and consequently also that of France.

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184 - France wants to indemnify itself for all its failures; everything is to be made good by the payments we have to make to it. Germany is to pay for France's enormous consumption of men and goods during the war, even though it bled to death in the war; Germany is to make up for the inadequate development of French industry before, during, and after the war; Germany is to pay for France's political failures, its break with America, its defeat in Russia; Germany is to make up for France's diminished prestige and its declining credit through payments it cannot afford. The more France's credit declines under these circumstances, the higher the interest it has to pay, and the more it, in turn, increases its monetary demands on Germany. This is obviously a situation that cannot last. Meanwhile, however, a change has also taken place in Germany. The defeat had a devastating effect. People were prepared to do anything just to conciliate their enemy. But the enemy could not be satisfied by anything. Germany was forced to sign commitments whose fulfillment was impossible. We protested in vain. Germany had to sign. What was the result? That this signature was devalued in the eyes of the world. The German word used to carry out a great deal in the world. It was known that honesty and truthfulness were the fundamental traits of the German character. People had confidence in Germany's reputation. But now that Germany was signing something whose impracticability it was convinced of, people began to value the German signature differently. The Entente believed it had won a moral victory through its policy of pressure against Germany, but in reality it was a moral defeat, for it undermined the very legal foundations of the international treaties. Germany's credit sank, and with it that of France. The continued threats of violence from that side repeatedly struck the shattered nerves of the severely tested German people. But eventually, they became numb.

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185 is the current state of public opinion in Germany. People would like to have peace, they would like to work, they long with every fiber of their soul for peaceful conditions, but they have realized that nothing will help against the deluded and ruthless enemy—no concessions, no giving in. The more compliant they appear, the more excessive their demands become. And so they say to themselves: come what may, we cannot change it; at least, if we are to be ruined, we will stick to what we consider right. They may ruin us materially, but morally we will no longer allow ourselves to be violated; we will only subscribe to what we can uphold to the best of our ability. There is no other way out for Germany's creditors than to try to do justice to German conditions, to the true state of affairs. Germany wants to pay, it wants to use all its strength to help eradicate the damage of the war, it wants to advance through work, technology, and science, it would like to let other countries share in its economic progress, but it doesn't promise more than it can deliver. What Germany promises, it keeps.

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What more can France do to us? Berlin, March 8, 1921. According to the Treaty of Versailles, the creditor states are not entitled to impose export duties or other taxes on us. Nor are they entitled to restrict our right to issue loans. Likewise, they are not entitled to impose payments on Germany that are not limited to the total amount of compensation, but rather are intended to prevent the accumulation of capital in Germany. This follows unequivocally from the provisions of the Treaty of Versailles. They only have the right to control our financial conduct, paying particular attention to whether the tax burden in Germany is as high as in other states. They do not have the right, bypassing our legislative body, to dictate tax laws to us. If we fail to make our payments because we cannot pay, this cannot be considered our fault. Only when proof has been provided that we are "intentionally" failing to fulfill our obligations may the creditor states take "economic and financial blocking and retaliatory measures" or "any such measures as the aforementioned governments consider necessary under the circumstances." This obviously refers to measures that lie within the competence of the creditor states and do not infringe on the competence of other states. For example, the creditor states can agree among themselves to block Germany's supply of raw materials or credit, but they cannot prevent uninvolved states from granting Germany raw materials or credit, nor can they prohibit Germany from claiming these raw materials and this credit. What, then, constitutes the guarantee for the fulfillment of the financial and other provisions of the Treaty of Versailles?

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187 by Germany? A special chapter of the treaty entitled "Guarantees for Implementation" tells us this. The Entente has taken enormous collateral. This is the occupied territory. It was rightly

said that Germany would do everything in its power to regain this territory and would therefore fulfill its obligations. And so it is. Germany is gladly prepared to pay any sum it can afford to restore the unity of the Reich. The further security contained in the above-described threat of "economic and financial blocking and reprisal measures" is based on the assumption that the United States will form an integral part of the League of Nations. Under this assumption, the blocking measures would actually constitute a world boycott, to which Germany would unconditionally have to submit. That is the legal situation. The creditor states, however, do not care and threaten us with force. They threaten us with force that goes beyond the limits set by the treaty if we do not fulfill its provisions; and if we invoke demands that go far beyond the provisions of the treaty, they in turn threaten us with force. In short, they believe that the treaty binds only us, not them. Under these circumstances, it is important, before the decisions are made in London, to determine what else the creditor states could do to us and where that would lead. They are threatening to To occupy the Ruhr region, industrial cities like Frankfurt am Main, and port cities like Hamburg. We would not be able to prevent it. Our industry and the entire economic life of Germany would be enormously damaged. As a result, however, our ability to pay would not increase; rather, it would decrease immeasurably. It is said that our weakness and the open conflict with the Entente could be exploited by our neighbors, by the Poles and the Czechs, to gain territorial advantages.

 to cover our costs. Even assuming that were possible, the further political and economic weakening of Germany would only result in its complete insolvency. We could pay nothing and deliver nothing: neither coal nor dyes. People are toying with the idea of taking control of the entire coal production of the Ruhr. But without workers, there is no coal. The willingness to work among German miners, without whom the Ruhr is indispensable, will decline even more in the event of an occupation than during the worst of the revolutionary period; the production costs of coal will rise, and this at a time when a coal crisis has already begun on the world market. From the moment France occupies the Ruhr, it will become more advantageous for France to obtain English coal, but it will have no money to pay for it. As a consequence of this development, it would probably have to occupy all of Germany. France would then have achieved its goal: the invasion of Berlin. What next? Germany would be ruined, we admit. It would be prevented from rising for a long time. The consequences of this would be only new burdens and no advantages for the Entente, and especially for France. With the occupation, the creditor states would assume responsibility for Germany's fate themselves. They would have to see how they could deal with the state administration, despite having the unanimous opposition of all parties and, above all, the resistance of the working masses. They could dictate taxes as much as they wanted. But without authority, hated by the entire people, they would probably not achieve much at all with direct taxes. They would have to resort to excise taxes and customs duties. But what could one achieve with this in a country whose industry is languishing, whose workers go to the

factories only because of the bitterest hunger or under the duress of bayonets, and whose currency is sinking ever lower? For the German currency would

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189, under all the harassment, to the Austrian or Russian level. In doing so, France is making the mistake of believing it can squeeze a nation of 60 million in as if in a witch hunt, without them finding a way out. That is impossible. Millions will escape the net. Capital will flee abroad by a hundred secret routes, technicians and merchants will emigrate, and millions of workers will emigrate to Brazil, Argentina, Russia, and all parts of the world. All in all, Germany would be ruined, but with Germany, the Entente and, above all, France would also be ruined. France would have to maintain a huge occupation army and would not be able to cover the costs of this army as easily as it can now cover the maintenance of the occupation troops, which is borne by the German Reich. It would need subsidies from home. But under these circumstances, the devastated areas of France would be even less able to be rebuilt than ever before; the war-disabled would starve, as their pensions would be devalued even more than before by the declining exchange rate; France's credit would decline even further, and it would be unable to meet its debt obligations. What the German government, supported by the will of the entire people to repair the damage of the war, to redeem the mortgaged German territories, and to establish peace and economic prosperity, cannot accomplish, a foreign command economy could certainly not achieve. But how long could such a situation last? Will the world allow this command economy to continue, which aims and claims to have no other purpose than to exploit a great, cultured nation beyond the bounds of human possibility? Will we allow this new Shylock to have his way, who does not turn against an individual, who turns against an entire people, and does not even have a certificate to show for it, but simply insists that he wields the knife while the others lie defenseless? Will we tolerate the further, unforeseeable interruption of trade and commerce, the disruption of monetary and credit relations? Could the

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190 United States allow the enormous sums of capital they have lent their allies to be spent on useless and despotic political adventures, allowing their debtors to politicize themselves into financial bankruptcy? Would not the arbitrary military rule of France be a danger to all neutral states? If France occupies Germany—whether piecemeal or all at once—then it will seek to extend its military rule over all of Europe: after Berlin come Prague and Vienna, the Netherlands and Switzerland will be threatened, and before long, France will establish its tyranny in Italy as well, as under Napoleon. Could England allow such a continental state, one that also relies on a powerful navy, to emerge? How would France be able to assert itself amidst such enormous

friction? It would always have to arm and distribute its armies throughout Europe, in countries already exhausted to the last drop by the World War, whose industry was hampered from growth, whose agriculture was already insufficient to feed its own population in peacetime, but whose agriculture was colossally reduced during and after the war due to a lack of labor and fertilizers, and it would have to maintain these armies in the midst of a population that would have been provoked to the extreme by wounded national sentiment, social discord, hardship, and hunger. How could Europe, bleeding to death in internal struggles, prevent Russia, which has already placed itself at the forefront of the Asian nations to unleash a world and racial war, from continuing its destructive work, gathering new armies and armaments, and perhaps ultimately cutting Europe off from Asia? Will the peoples of Europe endure the fact that the democracy they have worked their way toward through centuries of development should be trampled underfoot by the French soldiery? How will the government in France be able to maintain its position when the currency is devalued, inflation rises, the population in the devastated areas remains homeless, the war-disabled starve, the factory-

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191 workers remain without work and income, while the burden on the army increases immeasurably? But if, after the World War and the revolutions that have already shaken Europe, revolution should break out in France in the midst of a global economic crisis, then it will be the world revolution. The continuation of the policy of excess and violence against Germany would affect the entire world, lead to the most enormous catastrophes, and create terrible misery. We must do everything we can to achieve a positive result in London. But we will achieve nothing if we again agree to demands we cannot fulfill. The disastrous economic consequences would then occur just as they would in the case of a break. And if it then becomes apparent that we cannot deliver what is expected of us, the policy of violence will resume. By giving in to the madness of our opponents, we do not appease them; we merely encourage their madness. We achieve nothing by doing so, we gain no peace. We have no choice but to determine the limits of our capabilities to the best of our ability and to adhere to them, come what may. We do not threaten, for we would suffer the most from a breach; we do not complain, for we have been humiliated enough as it is; but we remain faithful to what we believe to be true and right. And in doing so, we are sustained by the awareness that this time, with the cause of the German people, we are representing the interests of the entire world, of democracy, and of civilization.

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The Annexations and Reparations. Berlin, April 25, 1921. We don't know where we stand, because we don't know what France wants. It doesn't know itself. Rather, various tendencies

are evident in its behavior toward Germany. If it were only a matter of reparations, an agreement would have to be reached without fail. The entire dispute now revolves around the method of reparations and the assessment of our capabilities. We agree that we will do everything we can to satisfy the Allies' demands. We believe that we can best achieve this through payments in kind and labor. As long as they want money from us, we are prepared to pay whatever we can find. However, since these are large payments spread over at least thirty years, it is self-evident that our one-time payments must be calculated in such a way that our ongoing performance is not impaired, and it is further self-evident that we must ensure the healthy development of our economic life. These are considerations that must be shared by both parties if the dispute is merely an economic one. But alongside this, a political tendency is gaining ground in France that aims to permanently weaken Germany. This political tendency stands in the way of France's own efforts at reparations, for the more Germany is reduced and run down, the less it can pay. To escape this contradiction, there is a third tendency toward annexing large industrial areas of Germany to France. They want to repay themselves at Germany's expense. They believe that through annexations, France's industry will be strengthened.

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193reich, while at the same time German industry declines. I leave aside the question of how far it will contribute to the political strengthening of France if its national unity is abolished by the incorporation of a million-strong German population, and only wish to prove that this must also lead to France's economic bankruptcy. I maintain that the previous annexations, above all the possession of Alsace-Lorraine, have already linked the economic development of France most closely with the entire German economic area, so that France will have to feel every setback in Germany's economic development, every stagnation, most immediately and most sharply in its industry. France has already, especially through the annexation of Alsace-Lorraine, acquired the German iron mines. A full 74 percent of German iron ore production now belongs to France. What will France do with it? France had a relatively low pig iron production before the war, but nevertheless could not fully process its pig iron and had a constant surplus of pig iron exports. The German ironworks, which now accrued to it, enable it to multiply its iron production, but what will become of it? How will France get rid of all this iron? The obvious answer is: in the same way that German industry did. Well, let's see how it happened in Germany. In 1912, Germany had a pig iron production of 15 million tons. Of this, one million tons were exported. Everything else was processed in the country itself. Therefore, if France wants a market for its pig iron, it must turn to Germany. Thus, through the annexation of Alsace-Lorraine to France, an economic bridge was built between France and Germany. This may seem surprising.

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194 for the revenge politicians, but it is not for everyone who follows industrial development and knows the economic interrelationships. If annexations are now undertaken again, perhaps precisely with the aim of bringing the iron-processing industries over to France, the economic bridge between the two countries will only become wider. The economic interrelationships expand the more German land is annexed by France. And if Germany's economic life stagnates, the German industry annexed by France will also remain unemployed. And if customs barriers are erected that hinder trade between the two parts of the politically divided German industry, both Germany and France will suffer. In France, people imagine that German industry can be dismantled like an earthworm, with each particle retaining its life even after separation. But the industry of a large country like Germany is closely intertwined. German industry is the German cities, the German means of transport, German agriculture, the political and cultural life of a great nation. German industry is not merely a workshop for exports; it is intimately linked to the domestic market. One cannot annex German industry and eliminate the German people. The further France moves its border into German territory, the more it will have to dismantle its customs barriers, or it will bring ruin to its own country. An annexation without a customs agreement, in which the annexed territory fully retains its economic ties with the mother country but remains under foreign administration, creates only discontent, a thousand inconveniences, and cannot be sustained in the long run. The policy of annexations can therefore only lead to the economic and political weakening of France. The path to reparations lies through the expansion of economic relations between France and Germany.

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To the French German haters. Berlin, May 23, 1921. Only one more step is missing, and Germany will be torn to pieces. If the industrial areas of Upper Silesia are assigned to Poland, if the Ruhr region disappears, the German Empire will no longer exist. Part will then belong to Poland, part to France, part perhaps soon to Czechoslovakia; the rest, without industrial sources, without a national union, will lead a miserable existence until—until all of Europe, torn apart by national strife, is swallowed up by a stronger power: imperialist Russia! This nation of 150 million, which for centuries has been in conscious opposition to Western Europe, which under the tsarist regime copied European armies to dominate Europe, and under the Bolshevik regime counterfeited European socialist ideas (as well as its banknotes) to corrupt Europe, will, unhindered by a disarmed Central Europe, encouraged by the national resentment tearing Europe apart, develop a large army and a large industry and finally extend its empire to the Atlantic coast and the Mediterranean, to rule over the ruins of Europe. You German haters, is that your goal? It would be the downfall of both German and French culture. Then we would do well to let our children learn Russian in school now and initiate them into Russian history, so that they will not be helpless when the great Russian rule comes. But if you don't want that, how will

you remedy the situation? You can only do it by freeing Germany, leaving open the paths of economic and cultural development for it.13*

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196 If you divide Germany, you will burden your own states with German minorities. You will have difficulty controlling them, and all your strength will be wasted in wearing them down. For the German people will remain, even if the Reich is stolen from them. States can be destroyed, but nations never. The example from recent history is the Polish nation. The German people have at least as much resilience and capacity for development as the Poles. If you destroy the Reich, you will awaken in the German people a feeling of revenge of an intensity the world has never seen. And in doing so, you will drive the German people into the arms of Russia. If you destroy the German Reich, you will make the establishment of a Russian world empire a condition for the rebirth of Germany. If you destroy the German Reich, you will thereby prove that the only people who represented a just cause in the World War was the German people. Dennes fought for the existence of his state. If you trample on disarmed Germany, you thereby prove that Prussian militarism was a historical necessity. Pressed by economic hardship, whipped up by the desire to escape foreign subjugation, German technicians, scholars, merchants, and workers will flock en masse to neighboring Russia, which offers them the greatest opportunities for social advancement. And the Germans will enthusiastically devote themselves to promoting Russian industry and the Russian army, because they will see in it the only guarantee for the rebuilding of the Reich, even if it is under Russian rule. If you destroy the German Reich, you will make the German people the organizers of the coming world war. How will you help yourselves in this? The new states you have created from diverse national elements will be of very little use to you.

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197 patched together and are still in labor. Rather, you will see these states turn away from you if a stronger power arises in the East. There are only two possibilities: either the unification of Western Europe, or the domination of Russia. Germany and France depend on each other. They are the two greatest civilized nations on the Western European mainland, bordering each other along a long front. Hence the centuries-long rivalry between the two. One of them must rule. But Germany has never ruled Europe. Even in the heyday of the Reich, because it was bristling with weapons, it was a threat, but not a true ruler. That was enough to incur the enmity of the entire world, to which it succumbed. Does France want to repeat Germany's mistakes and make them even worse? Whoever wants to rule must be able to govern. They must create a community of interests with the peoples they rule. But whoever throws the victor's right into the

balance every moment creates new enemies every moment. Thus the great Napoleonic Empire perished. For Moscow and Borodino were merely the final stages. The campaign itself against Russia was a violent attempt to avoid a catastrophe prepared by the empire's internal instability. Bonapartism, which took up where Napoleon I failed, may have triumphed in the Crimean War, but by doing so it prepared the collapse of 1871. Present-day French imperialism is even less sustainable than Bonapartism. For the world has become much larger since then. Russia has grown enormously stronger since the Crimean War, and a great empire has emerged in America. At the same time, the world has become narrower; its interests are much more closely intertwined. This modern world of industry and democracy will never submit to military command. If France wants to capitalize on its victory, it must develop its industry. It must strengthen economically. It can do this by exploiting its financial power over Germany. Together with Germany, it must conquer Russia economically. How else can one deal with Russia?

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---198 be finished? Through the military adventures, one only strengthened the military power and national prestige of the Bolsheviks and consolidated this government, whose days were numbered, for years to come. If Upper Silesia were assigned to Poland, it would only be able to develop its industry in connection with the large Russian market. Just look at the development of Polish industry: it produced for Russia. That is why the ruling classes of Poland long ago made peace with Tsarism. Now they have been given an empire. They accept it without thanks and demand more. And even if they get Upper Silesia, they will ultimately sell the whole thing to Russia. For they become rich from Russia, while, left to their own devices, they would have to become impoverished. The Polish masses were for the revolution, but not for separation from Russia. Poland belongs economically to Russia. There is no getting around this fact. The entire game of the peripheral states will end with their annexation to Russia unless they are united with Central Europe into an economic community that can oppose Russia. Either Western Europe retains industrial leadership, and to this end it must hold together politically, or it will succumb economically, politically, and culturally to the great Russia, whose borders will stretch from the Pacific to the Atlantic Ocean. That is the question!

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Reich Government and Reichstag. Berlin, May 2, 1921. Now that we have seen in practice that the sanctions may ruin Germany but cannot save France, there is a prospect, despite the many setbacks the Reich Government has suffered, that negotiations with the Allies will be resumed. What next? Will the government's energy and insight continue? Will it not relapse into the lethargy that has been its characteristic feature until now? The Reich ship drifts through the

waves, no one knows where. The captain and helmsman stand there with limp arms and bowed heads. The crew drag themselves along weakly like flies in autumn. Every now and then there is a jolt, a jolt that makes the ship's sides creak and shakes everything. Then there's some movement in the command. But soon it falls asleep again, captain and helmsman hang their hands and heads. The general desire for a strong government is evident. We need it more than ever. But what is a strong government? It's not strength, but insane defiance, that is what sails against wind and storm; but strong is he who knows how to catch the wind in his sails. And anyone embarking on a long voyage must ensure that the ship doesn't leak. But we have a very long voyage to undertake. First the final determination of the reparations conditions, then their implementation. Various major interests play a role, and it will be difficult to do justice to all of them. The government must have strength and authority. In military states, the government relies on the army. This, too, has its limits, but it is completely out of the question for demilitarized Germany.

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200The government can only be strong if it is supported by the trust of the people, if it has a strong, unified majority behind it. But this is not the case with the present Reich government. Whatever one may judge the personal qualities of the individual members of the cabinet, one must admit that the government's main weakness lies in the weakness of the Reichstag. The June 1920 elections were elections of fear. They took place immediately after the Kapp Putsch and were partly caused by it. The bourgeoisie, frightened by the turmoil of the revolution, embittered by the Treaty of Versailles, showed a strong pull to the right. The workers, whipped up by the Kapp Putsch, disillusioned in their confidence in the stability of the republic, swung en masse from the majority party to the Independents. Thus, the extreme wings to the right and left grew, and the center-right coalition collapsed. From this Reichstag emerged a government of inadequacies. A government that was not supported by the majority, but merely tolerated. The Social Democrats did not dare to step forward, lest they support the government, and they did not dare to approach, lest they lose their position in opposition. The government saw itself compelled to show excessive consideration for political groups that, like the German People's Party or the German Nationalists, were not numerically strong but played a major role as a result of the elimination of the Social Democrats. The most sensitive exponent of these inadequacies was Dr. Simons. His first appearance in London was evidently strongly influenced by consideration of the mood among the German Nationalists and in the German People's Party. We owe our defeat in London to these parties. This must not be forgotten. The entire policy of our Ministry of Foreign Affairs was the pursuit of illusions in the quest to satisfy the most heterogeneous elements.

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201If we are now told: "This government cannot govern," I reply: "It cannot be governed with this Reichstag." A new poll of the voters must take place. Dissolution of the Reichstag and new elections! But can we expect that the new elections will produce a better result? Absolutely. As far as the majority Social Democrats are concerned, all elections since June prove that their authority and support have increased. We also see the same thing in the increase in membership in our organizations. And if the timing shortly after the Kapp Putsch was unfavorable for us, on the contrary, the insane and criminal uprising in Central Germany contributed greatly to enlightening the working masses and brought them to our side. The split of the Independents, the conflict with Moscow, all this benefits us. On the other hand, Russian Bolshevism, which confused the minds of the workers during the revolution, has lost a great deal of its authority. One already clearly recognizes its true form as a Russian product. At the same time, one sees that Bolshevism, too, sees itself compelled to make concessions to big capital. A profound disillusionment has set in among the German working masses. They see that the revolution has passed its culmination point and are turning back to the parliamentary form of political struggle. The Communists will be crushed in the next elections. The Independents, if they do not agree with us, will also suffer greatly. The majority party will win. Our position to the right has also become much stronger. The new coalition has now governed without the Social Democrats. The result is the sanctions. Had we allowed them to operate unhindered, the consequence would have been the complete dissolution of the Reich. All outcry about our previous policies must fall silent in the face of the monstrosities to which the policies of the new government have led. This will generally enhance the prestige of the old coalition. Although the Centre and the Democrats have taken on the odium of having to change the

202 sad results, one can clearly see how disastrous it would have been if the leadership of state affairs had been entrusted to the German People's Party and the German Nationalists. The right-wing parties will have a very difficult time in the upcoming Reichstag elections, if these are held under the slogan: securing democracy at home, securing peace abroad. The most characteristic feature of the mood in the country is the need for calm. People would like to finally have order, normal conditions. Whatever the case, stability is the general desire. The disruptions caused by the war, by the revolution, by the reparations dispute—people ultimately want to be rid of them. Everyone wants to know where they stand; they want to have some degree of security, to be able to build their personal destiny and the well-being of their family, even with the most modest means, but at least with some degree of security. Therefore, the Reichstag elections will have a liberating effect if they produce a unified majority and if they contribute to making relations with the Allies more stable. In short, we need regular elections, and the conditions are ripe for them. Therefore, it would be best to set the date for new elections soon. People in Germany are accustomed to lengthy election campaigns. After years of political

turmoil, this is no longer necessary. The voters already know where they stand. It is simply a matter of drawing the conclusions of political developments. One is proposing that the majority Social Democrats enter the government in order to strengthen it. This is a false calculation. The Social Democrats' accession to the new coalition would deprive them of a large part of their prestige among the working masses and increase support for the independents. The Social Democrats could not fail to take these facts into account. Their position in the government

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203 would therefore be uncertain and vacillating. Under these circumstances, it would be another moment of weakness, not strength. What we need is the restoration of the old coalition, strengthened in numbers and authority by new elections. But if the government believes it cannot do without the Social Democrats' accession in order to bring the negotiations with the Allies to a successful conclusion, then in this exceptional case, entry into the government could take place, but only on the condition that new elections to the Reichstag are called immediately. Thus, either new elections and the Social Democrats' entry into the government, or entry into the government and immediate new elections. The new elections must, incidentally, take place immediately, if only because otherwise the agreement with the Allies would become the source of an opposition to the government that is as unpleasant as it is invincible. The people must express whether they approve of the agreement and, with it, the safeguarding of peace, or not. The sooner this happens, the better. Either way, the government must consult the people to strengthen its position in implementing the reparations obligations, and the Allies will only receive the greatest security if the government receives a mandate from the voters to implement the agreement. Ultimately, the situation as it currently exists is impossible for Social Democracy. A party of this strength, operating under a democratic constitution, cannot remain permanently outside the government. It would undermine democracy through this tactic of standing aside, for the reactionary elements would already know how to exert their influence in the government to disfigure or even reverse the achievements of the revolution. Therefore, new elections and entry into the government!

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PART FOUR: PEACE AND SOCIALISM (FIRST PUBLISHED UNDER THE SAME TITLE AS A STAND-ALONE BOOKLET AT THE END OF 1918)

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The liquidation of war. The war was waged by the imperialist governments; a lasting peace can only be secured by the peoples. Now that it is no longer a matter of genocide but of reconciliation between nations, no longer of destruction but of reconstruction, the time has come when socialism can and must assert itself most strongly as a worldview, as an organizational force, as a political power. Socialism does not approach the solution of peace problems from the perspective of competition and rivalry, as capitalism does, but from the perspective of international solidarity, the commonality of the most important material and ideological interests of civilized humanity. But these are the only secure material and moral foundations for a lasting peace. For as long as nations face each other as hostile forces with opposing interests, no legal tinkering or diplomatic combinations will help to secure peace. After this tremendous world war, we want to eradicate the danger of war at its roots. Victorious imperialism seeks to profit from the conclusion of peace; it sees in it the fulfillment of its hopes, a source of new power and greatness, a means of oppressing foreign peoples and consolidating its rule in its own country. Socialism, on the other hand, enters the peace negotiations with the conviction that the war was the greatest misfortune for all involved, victors and vanquished alike, and that peace must bring about the liberation of the oppressed classes. In order to establish the international harmony upon which alone a socialist peace can be based, it is necessary, before we proceed to discuss the great problems of the conclusion of peace,

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208 to eliminate that source of bitterness that still resonates today and is exploited by the imperialist press to incite hatred among the peoples: the question of guilt. First of all, there is a

dispute among the socialist parties themselves. We worked for decades to build the Socialist International, proclaiming international solidarity and world peace, and when the war came, we fell upon one another with weapons. The disappointment and bitterness that resulted from this still resonate today. But if one wants to be fair, one must admit that this was not the fault of the individual socialist parties, but a fatality. Socialism was too weak to prevent the outbreak of war, and when imperialism marshaled its armies against each other, that bloody chain of events arose from which no one could escape. The workers of the Entente fought because they felt threatened by Prussian militarism; the workers of the Central Powers fought because they were threatened by Russian tsarism. That was a very real danger. We see now, after the Entente's victory, that the imperialists are prepared to crush Germany and put it in slavery, and that they can only be prevented from doing so by the socialist working masses, if they are prevented at all. But what would have happened if the Entente had to share its victory with triumphant tsarism? Then there would be neither a free Germany nor a free Poland, nor the right of self-determination of nations. Instead of President Wilson, Tsar Nicholas would have been celebrated in Paris; the tsarist armies would flood Eastern Europe; and, supported by these armies, the imperialists of the Entente would suppress democracy and socialism for years to come. The German people saved Europe and democracy from this danger by defeating the Tsarist armies. Only the struggle against Tsarism made the war popular in Germany, and this popularity ended when the revolution broke out in Russia. From then on, the opposite mood began, which ultimately led to the moral

209 collapse of the German army. The German working masses no longer wanted to fight, but they saw no way out to peace. The international socialist conference planned in Stockholm failed. Had it taken place, it would have either brought about general peace or it would have accelerated the outbreak of the German revolution. But the Stockholm Conference failed due to the resistance of the Entente, and all peace negotiations failed due to the same resistance. *) It became clear that the imperialist governments of the Entente were primarily concerned with military victory, more with this than with the peace conditions, so that the armies of the Central Powers no longer faced the question of a cessation of hostilities, but with the question of surrender. Thus, the German armies were compelled to continue fighting less by the order of the German General Staff than by the will of the enemy governments. The last German offensive was an act of desperation: people were told it was the only way to bring about peace, and judging by the behavior of the Entente, it seemed so, so they fought for the sake of peace. The fate of the Hohenzollerns had long been sealed, the German workers' resolve to do away with the Junker regime was certain, the revolution was ripe, and only the war itself maintained the authority of the General Staff and the government. For to surrender the fate of the German people to the despotic will of the Entente governments was a bitter matter; one cannot blame the German workers for daring to take the utmost before deciding to do so. Therefore, as soon as the question of war was settled, the revolution broke out immediately. Certainly, the success

of the German Revolution was largely determined by the bankruptcy of German militarism, just as the success of the Russian Revolution was determined by the defeat of the Tsarist armies. This is how the war continued*) The facts that have since become known have shown that the German government also bears a large part of the blame for the failure of the peace mediation attempts.Parvus14

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210—revolutionary on both sides. Taking everything together, one must admit that the German working masses used militarism to smash tsarism, and that they smashed it after tsarism could no longer be fought. The workers on both sides, in the Entente as well as in the central states, were driven into war by imperialism, but they waged the war not for imperialist aims, but for democracy. This is what separates them from the imperialist governments and unites them. The Russian and German revolutions show that the fighting was not in vain. In view of this fact, the workers on both sides can join hands: they may have fought against each other, but what they won benefits them all: democracy. This achievement must now be exploited with united forces. Democracy must lead us to peace and socialism. Then there will truly be no victors and vanquished, only victors. It will be said: 'The workers fought under the leadership of imperialism and triumphed against it.' The workers on both sides have nothing to reproach themselves for, except that they were and remain the dominated class. To bring about change here, unity is essential above all. Worse than the fact that we fought each other in war would be if we could not agree in peace. Harmonious cooperation among the socialist workers' parties is only possible, however, on the basis of complete equality and mutual respect. And mutual respect requires, above all, self-respect. All resentment and annoyance toward one another must be eradicated. We must be generous and magnanimous. German Social Democracy bears no grudge against the socialist parties of other countries, but it also has no reason to do penance in sackcloth and ashes. Throughout the war, it was in full agreement with the millions of workers it represented, and can therefore demand that it be understood, not condemned. The Socialist International

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The 211-national is not based on polite phrases, but on the mutual need, on the tremendous commonality of class interest of the proletariat throughout the world, on the historical mission it must fulfill. We have great global problems to solve. In fulfilling this mission, we must, in solidarity, hold the real perpetrators of this war accountable. The question of responsibility was raised by the governments of the Entente. We take it up and intend to implement it consistently, although we clearly see the secondary aims connected with it on the imperialist side. The first

secondary aim is to find moral cover for the imperialist desires for plunder and domination. What the imperialists of the Entente base their demands on is the right of the victor. But they cannot assert this brutal right before the socialist working masses, and so they transform the right of the victor into the injustice of the vanquished. They seek to construct guilt on the part of the governments of the defeated countries in order to make the people responsible. We reject the latter from the outset: the people are not the perpetrators, but the victims of this war. The second secondary purpose is to set the socialist parties at odds with each other in order to weaken socialism. The third secondary purpose of the Entente imperialists is to offer the raging masses an atonement in order to divert their attention from their own atrocities. William the Loquacious was chosen for this purpose; he spent his life seeking the laurels of an orator and now, in return, is being beaten by a king. These imperialist secondary purposes, however, must not prevent us from holding the guilty governments accountable. This terrible crime against humanity must not remain unsolved. The guilt and the guilty parties must be identified. This is a moral precondition for avoiding the crime in the future. The legal objection that there is no legal clause on the basis of which the guilty governments can be condemned-14*

212 could divide merely reveals a loophole in the legislation, but does not eliminate moral responsibility. We want to fill the loophole. Nor do we want to be content with holding those governments accountable that knowingly bring about war. We want to make it the primary duty of every government to secure peace. Governments should always bear full responsibility for war; in order to justify themselves, they should be required to prove that they did everything and failed to do anything to prevent the outbreak of war. Revolutionary Germany would have to lead the way with such a legal provision. The moral responsibility of governments for the welfare of the peoples has always existed. The great rights of heads of state were also duties. The so-called judgment of world history was based on this. But this judgment always came too late to strike at the guilty parties. It is time to shorten the process. The judgment of world history is the judgment of civilized humanity. We need not delegate this judgment to future generations; we can sit in judgment ourselves. We also have the means to punish the guilty. We can subject them to universal scorn; we can expel them from human society. This is such a harsh punishment that even imprisonment will seem like a liberation to them. Above all, world public opinion must become completely clear about the guilt and the guilty parties. Every corner must be illuminated; nothing must remain unexplained. If it is true that the German government is guilty, then it is the German people's guilt even more than that of others. We want to clarify this. Therefore, it is pointless to wait until an international court is established; we must appoint a court ourselves, equipped with all the powers and the full authority of the new Germany. It is generally agreed that the secret files should be published, but it is inconsistent to publish the secret files and the authors of these files, who provide the most information

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213 could, out of the equation. From the secret files alone, nothing is clear at all. An adversarial process must be applied; defendants, witnesses, and experts must be questioned. The files must be studied. We must uncover the entire history of the war down to the smallest detail. The ambition, the lust for glory, the power-hungry governments, the intrigues of diplomacy, the machinations of high finance, the greed and lust for power of heavy industry—all motives, hiding places, and ramifications of the warmongering must be investigated; all threads must be followed to their furthest reaches. We can be sure that the civilized peoples will help us unravel many tangled knots. The former Reich government should also account to us for whether it seized the opportunity to shorten the war; it should inform us, especially, about our relations with the United States. Likewise, we will not neglect to investigate the warmongering during the war, the ways and means by which peace efforts were thwarted and the war prolonged. Furthermore, an investigation into the cruelties of war is necessary. War itself is certainly the greatest brutality; but that is no reason to remove all moral restraints, as has often happened. Those who have committed sins must be punished or, if the laws are insufficient, at least branded. All those who have shown themselves to be inhumane must be pilloried! Until now, it has been customary among all nations to extol the virtues of war while passing over the vices of war as the order of the day. It was tacitly assumed that the heroic deeds of war outweighed the misdeeds, and thus the warrior, especially the victor, was celebrated by poets and women alike, in offices and inns. Now, however, we will separate the accounts and subject the virtues of war themselves to a revision. Our ideas about them date back to the time of barbarism. But this revision of concepts is not a judicial matter; it is the concern of poets and philosophers. This is all part of the liquidation of war.

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214 Political Construction. To build peace, an alliance of nations is universally demanded, and it is equally universally recognized that this alliance can only be maintained on the basis of established democracy. But the imperialism that caused the World War is already attempting to undermine the League of Nations. This would result if Germany were excluded from the League of Nations or assigned a humiliating position. That would turn the League of Nations into a coalition of military states with the purpose of dominating the rest of the world. That would be nothing new: we have seen this coalition policy before. It led not to world peace, but to world war. The League of Nations must be a league for peace, not an alliance for the enforcement of peace. It must be based on the common interests of the united nations, not on the subjugation of one to another; its prerequisite must not be the military superiority of any group of states, but disarmament and the elimination of all policies of violence. Europe, and with it all of humanity, faces an either/or situation. Either disarmament takes place now, or militarism spreads, even

worse than before, and draws new, even larger masses of people into the vortex. These include Russia, China, the East Indies, and North and South America. Russia is already considered a military state, but under Tsarism, thanks to its backward political system and backward industry, it was only able to develop its armies weakly in relation to its population and its economic resources. What will emerge from the war and the revolution is not a socialist, but a capitalist Russia, with a broad peasant base and strong industrial development. This new Russia can be pacifist or military, depending on the state of affairs in Western Europe. The peasantry is peaceful.

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-215loving, and yet it always formed the basis of strong armies. Russian industry was inherently imperialist and bore a large share of the blame for the outbreak of the World War. A socialist Europe would strengthen democracy in Russia and push back imperialism; an imperialist, militaristic Europe, on the other hand, would only increase militarism in Russia. The independence of Ukraine does not stand in the way of the formation of a great Russian industrial empire. The economic interdependence is so great that Central Russia cannot exist without Ukraine; it must either dominate it, be dominated by it, or unite freely with it. The appeal of Bolshevism in Ukraine is largely based on these economic interdependence; only Bolshevism, having strangled industry and trade, failed to utilize these economic factors. The revolution has created the democratic foundation for a new Russian state system; industry will provide it with the economic foundations for it. Whether within the League of Nations or outside the League of Nations, the military-industrial state of Russia would pull the weight to its side. Western Europe will not be able to balance the scales militarily, especially after the destruction of the central states. Therefore, unless there is general disarmament, Russia will be master of the situation perhaps in as little as twenty years. The great historical conflict between West and East Europe is nearing its conclusion. France was the first to attempt to unite Europe imperialistically with the ideas of the great French Revolution and Napoleon's armies. French ideas and French armies conquered all of Europe at that time, but they were shattered by Russian resistance. For in the Muscovite Empire, both the intellectual preconditions for civil liberty and the economic preconditions for the maintenance of a Napoleonic army were lacking. The great attempt of the revolutionary bourgeoisie to unite Europe failed because of Russia's backwardness. The entire development of Europe up to

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216—to this day, suffered as a result. A reactionary tide swept over Europe, the old princely houses reemerged, now attempting and succeeding in exploiting industry to their advantage,

militarism grew, and rivalry among states resulted in a waste of productive forces, enormous fiscal pressure, and economic fragmentation, which, as the example of America has already shown and the example of Russia will soon show, puts Western Europe at a disadvantage on the world market compared to countries that represent larger political units. The Crimean War was France's revenge for 1812, which had been skillfully exploited by English imperialism to consolidate its position in the Orient. Russia's military power was now broken, but it lacked the great Apollonian empire to incorporate it into a European state system. Western Europe was divided within itself and therefore failed to take advantage of this great moment in world history. Now Prussia emerged, and with it the most stupid period in European history. For while England had a program of world trade, and France that of a bourgeois world order, Prussia had no global program at all, but merely the will to defy the entire world. Prussia neither wanted to redeem nor dominate the world; it placed itself in an isolated position, while German industry stretched its tentacles toward the entire world. It aroused fear and hatred everywhere, sympathy and hope nowhere, and pierced the whole world with the "Prussian model." A great national idea, however, must be a global idea; it must have the ability to encompass the entire world; it must possess the power to attract attention; then it also gives its members self-respect and teaches others to respect them. Why was Germany morally set back during the World War, while national selfishness was undoubtedly more pronounced among the others? Because Germany was able to oppose the world with a national force, but not with a purified national consciousness. The Germany of Prussian observance could not do that; it cannot

 capitalist Germany not at all. The capitalist world ideas have already been given away and used up. The national and simultaneously world-redeeming idea of Germany can only be socialism. In the disastrous year of 1870, England, whose world position now seemed sufficiently consolidated, handed France over to Prussia. This was England's revenge for the Continental Blockade. This simultaneously laid the foundation for a new development of Russian power. Now, after the World War, Russia's military power has been destroyed again. But once again, the evil forces of Europe are at work to restore it. The imperialists and chauvinists, with their excessive demands and insults, are throwing Germany into Russia's arms, just as France was thrown into its arms in 1871. If Germany were to be crushed, it would revive militarily and industrially in Russia. What use are the combinations of Slavic state formations if the great German protective wall against Russianness is lifted? Russia has been defeated for the last time. If, after further armaments, a military conflict with Russia occurs, it will prevail. Only through general disarmament can the danger be avoided. Therefore, whoever is in favor of armaments is arming for Russia. Czechoslovakia, Yugoslavia, and the Polish Empire will all be swept away if Russia develops its military power; these are all fleeting formations that will not last a generation. But Russia will develop its military power if even a single military state remains in Europe. For it would have to do so for its self-protection, to preserve its independence. Behind Russia, however, stand China and the East Indies. If Europe arms,

Russia arms; but if Russia arms, China and the East Indies must also arm. In both China and the East Indies, the economic, political, and military preconditions for the development of large armies have already been created.

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218It is hard to imagine where this will lead if these hundreds of millions of people are armed, if Asia bristles with weapons, as Europe has been until now. But that will definitely happen; it is a question of the near future, if Europe continues to arm itself. That will definitely happen if the great German people, great not merely in numbers, great because it has contributed as much as any other nation in the world to European civilization, is allowed to be dragged into misery and into the dirt. Let us continue to follow the consequences of armaments. The United States of North America has become a great military power through this war. If others arm, North America can no longer disarm on its own; rather, it will seek to surpass the others through its armaments. It has itself, through its armies, bridged the ocean that had previously secured its peace. Now it is engaged in Europe and can no longer withdraw. The separation between the new and the old world has been eliminated. America has imposed its will on Europe and has been captured by it. "The death has brought life." The further development of military technology will make the spatial difference even more illusory. And the armament of China and the East Indies, along with the already existing military state of Japan, would only include America in the sphere of armaments. But if America militarizes, it will itself become the scene of military entanglements. The contradictions already exist; only the armies are missing to fight them out; but these are in the process of formation and can be developed quickly. Anyone who takes up the battleaxe, whether in South, North, or Central America, will find allies and accomplices among the other military states. Thus, America would become the scene of territorial, national, and racial struggles, which would be fought with weapons in hand. This would show that America's distinctiveness lies less in its democracy than in its absence of a European militarism was that the moment it transfers European militarism to itself, it also

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219 the European way of settling conflicts of interest and even opinions through armed conflict, and thereby the entire misery of European conditions. America faces the choice of either consistently fulfilling its role as world peacemaker by enforcing general disarmament, or bringing the fire into its own house by allowing world militarism to be placed on top of the world war. World militarism, with its standing armies, which will number in the hundreds of millions, its still particularly strong development of naval fleets and military aircraft. All democracy, social policy, all economic reforms are of no use to us if we allow this global burden to be heaped upon the

peoples. Therefore, the first demand of socialism is disarmament. Revolutionary Germany must make a start in this. This is, after the fall of Tsarism, the further historical mission of German Social Democracy. The main difficulty in the question of disarmament has always been: who will begin it? So let us begin. We can do this, since the German people, through their heroic resistance, have swept the entire armed world along with them in the overthrow of German militarism. At this moment, all armies are exhausted, and among all peoples, the same great longing for peace prevails. It must be dared! The German people should disarm first. Admittedly, by doing so, they will initially expose themselves to the arrogance of the intoxicated victors—which is already great enough—but they will simultaneously assume the spiritual leadership of the nations. All military equipment must be done away with, just as the apparatus of the medieval torture chambers was done away with. We do not want a general

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220 – No more conscription and no arms industry. Prohibition of the manufacture of war weapons throughout the entire territory of the German Republic. Large factories must immediately be switched to productive peacetime work, all guns and other crude war equipment must be melted down. Strict control of the manufacture of explosives, etc. But we are defeated, and the imperialism of the victors wants to rob us of our freedom and independence. How shall we defend ourselves? Not with the means of militarism, but with the means of democracy. To pursue a sound policy, we must make the results of the war our starting point. The most important of these is the victory of democracy. The German people must build their future upon this. It itself laid the foundation for this by destroying the military power of Tsarism and by the German Revolution. If someone were to replace the Prussian district administrator with a French prefect, we would fight him with the same means as the Prussian district administrator and would find the support of the French people. In the struggle for democracy, we do not stand separate from other peoples, but we feel ourselves at one with them. A French army trained to dominate Germany would be the greatest threat to France's freedom. We must be permeated by the awareness that a new era in world history is dawning, a new era in which fighting will be carried out with different means and different combinations of forces will emerge. It is the world of socialism that is now beginning. Let us look back at the past. Alongside the unifying forces of world history that united people into families, clans, religious communities, nations, and classes, and prepared the way for a global community of people, there were also destructive forces at work that set the individual against all others, the family against other families, the clan against other clans, the religious community

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221 against all those of different faiths, inciting one nation against another, inciting class against another. As the social community of people expanded, so did the basis of social struggles, so that in the course of time, the robberies and arson of barbaric tribes gave way to well-organized struggles of nations and state communities, culminating in the World War we have witnessed. Now, after the greatest and most terrible clash of nations the world has ever seen, a new, even greater unity must emerge. Now we want to represent the interests of each individual nation, no longer in opposition to, but in harmony with the others; we want to create a world community of nations, and we want to abolish social class antagonisms by realizing socialism. We are facing a world turning point. Instead of the power of weapons and brutal coercion, the power of economic and political combinations, of intellectual connections, takes its place. The German people can dare to entrust themselves to this development. They can dare to do so, above all, in the awareness of their inner vitality. One cannot cut Germany into pieces any more than the German princes did; nevertheless, the German people remained one and they will always remain one. No limits can be placed on the idea of German unity or the cultural work of the German nation, nor can they be prevented from conquering the world. German individuality cannot perish in an indiscriminate cosmopolitanism because it itself represents a far too important component of European civilization. On the other hand, however, with Prussian tutelage, the last barriers to Germany's national development fall. I am by no means misjudging Prussia's historical role. Narrow-minded and conservative externally, it acted revolutionary internally; with its army, it helped the German people to eliminate petty states. But now that Prussian militarism itself has been overcome, a new liberation is taking place.

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222 The border that was still drawn within the German nation falls, *) and, above all, the moral dividing wall that separated Prussian Germany from the other Germans and from the entire world falls. The realm of military drill, police discipline, and evangelical pastoral morality—that most hopeless of all piety—has ceased to exist. The iron frame that crushed the spirit of poets and thinkers has fallen. The overthrow of militarism is the liberation of German philosophy. Only as a free people among free peoples will the German nation be able to achieve the greatest unity, full self-knowledge, and, with the greatest exertion of its forces in the service of world culture, its full development. Demilitarization, democratization, socialization. The German people must lead the way in this, pioneering other peoples. Economic reconstruction. The destructive work of war is monstrous. It is by no means over yet, for the human losses will continue to be felt for years to come in the increased mortality and reduced birth rate. The regions that suffered the most were the scene of the war the longest, namely Northern France and Belgium. This alone is reason enough to give these countries priority in reconstruction. It is in keeping with socialist principles of justice that those who suffered the most should be helped the most. However, the Entente imperialists have misguided the entire question of reconstruction. They are looking for someone responsible in order to shift the entire burden of reconstruction onto them. The guilty parties are the imperialist governments, from whom there is little to be gained;

the peoples themselves, as already mentioned, were the victims of the war. But even apart from that, a proper solution to the problem can only be reached if its economic content is clearly identified. Then the question takes the following form: *) Written before the Treaty of Versailles.

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223 How can we most quickly and effectively achieve the restoration of the devastated areas and the reparation of war damage? The damaged are less concerned with who pays for the damage than with ensuring that it is covered, as fully and quickly as possible. That is the social problem we have to solve. If one poses the question in this way, it becomes clear that restoration will be achieved most quickly and effectively if this work is not burdened on individual peoples bleeding to death under the consequences of the war, but if all the peoples of Europe and the entire world participate in it. A great productive task must be solved. We must grasp it in its entirety and place the productive forces of the entire world at its disposal. It is least of all a question of money; it is a question of world production. And if all the shell craters in France and Belgium were filled with German gold, this would not make the war-ravaged soil fertile. The humus of the Siberian primeval forests is quite different for this purpose; it rots uselessly there, whereas, if transferred to France, it would allow the fields and forests to flourish again. The industry that caused this devastation also has sufficient technical means to do it well, if this work is tackled from a sufficiently large perspective, from a global perspective. It is a matter of restoring the productive forces, the material, as well as the personal, physical, and spiritual energies of the population in the war-ravaged regions, with the main work falling to this population itself. Only in this way can it prosper, only in this way can it develop. The financial, economic, commercial, and technical means must be made available to the war-torn population so that it can develop its productive power to the highest degree and thus achieve prosperity as quickly as possible. I appeal to the peoples of the Entente:

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-224,,You are mistaken if you believe that you can become great by enslaving the German people. No, only through the development of your own material and intellectual energies, that is, only through your own labor, can you become great." The Entente's desire to let Germany pay for everything is based on the capitalist principle of exploiting the labor of others. They are accustomed to building their wealth on poverty, but socialism creates prosperity from prosperity by awakening their labor energies, their productive forces, through the cooperation of peoples, and allowing them to benefit them all. Although the German people suffered less from the military effects of the war than the French, they suffered more from the economic pressure of the war and still suffer from it. It is therefore by no means necessary to further tip the scales of

misery on the German side in order to create balance. Socialism, however, completely rejects this capitalist downward equalization, the equality of misery and deprivation; rather, socialism demands free upward development. For socialism, reconstruction involves a great cooperation of the liberated peoples, the Imperialism, however, wants to use this as a means of exploiting the defeated peoples, and on this it will then build the exploitation of the people in its own country. If German military prisoners are retained in France for forced labor, this creates unfair competition for French workers and depresses wages. But that is the least of it. In every major strike, French employers will bring this army of German involuntary workers into the field to thwart the strike. If French workers were to tolerate Germans being retained as slaves in France, they would thereby make themselves slaves. The workers' standpoint is simply different from that of the employer; socialism is different from capitalism.

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225 If Germany is forced, through financial or other obligations, to sell its goods cheaply or to keep wages low, this will depress commodity prices and wages throughout the world. If the prosperity and cultural needs of the German people are suppressed, this will depress the entire cultural development of the world. Europe and America are already suffering and will soon suffer even more from the cheap wages of the needy working masses of East Asia—what absurdity, on top of that, to want to transform Germany from a flourishing industrial and cultural state into a Chinese coolie country by way of war contributions! Therefore, the first demand of socialism in economic reconstruction is that favorable working conditions be ensured internationally. If these preconditions are met, the security is guaranteed that the situation of the workers will not be depressed, but rather that they will have the opportunity to improve themselves. Then it will be a Joy to participate in the reconstruction in France and Belgium. The German people will set their ambition to repair the damage, to allow peace to arise more glorious than it was; they will devote their best workforce, their inventiveness, their science, and technology to this purpose, and combine with the awareness of the cultural task they are fulfilling the satisfaction of receiving, through the development of their productive forces, their share of the blessings of culture that they will create. We must work our way up together, and not one at the expense of another. At the time of Germany's greatest military triumphs, German Social Democracy advocated a peace without annexations and contributions. Now that Germany is defeated, a peace with annexations and contributions is dictated to it. We will have to submit to the will of the victor; we have no other choice. But the condition we cannot waive under any circumstances is that the contribution should not be deducted from the wages of the Parvus15

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226 workers, is not also taken from the income of the middle class and is not paid at the expense of our productive development. If one impairs Germany's productive development, one undermines the economic foundations of the German relief effort. We feel united with the working masses of the Entente in making these demands, for any deterioration of the situation of the German people would, as has been repeatedly shown, also depress the situation of the working masses in the other countries. The question of the contribution, however, has another side, which deserves particular consideration by the peoples of the Entente. The larger the war contribution, the greater the probability that it will be used for military purposes. If the states of the Entente, or even just a single state among them, achieve a rapid increase in their armaments in this way, this increases the war armaments of the entire world. Then the enormous burden of world militarism will be heaped upon the peoples and oppress them. Then the war contribution will not serve to improve the economic well-being of the peoples of the Entente, but rather to burden and oppress them. The only remedy against this is general demilitarization. If demilitarization is implemented, however, then large resources and labor will be freed up. Then the question of the war contribution will also become subordinate. The world does not suffer from a shortage of labor, but from its poor distribution and inadequate utilization. Only the war transformed overproduction into a shortage of products. Peace will restore the old state of affairs and push productive forces far beyond the former level, unless development in the individual countries is hindered by force. What are you negotiating about what burdens should be imposed on the German people, since they are exhausted and starving to death, and all industrial activity is paralyzed?

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227 Provide it with food, raw materials, let it find rest, give it a sense of security, confidence in the future, let it develop freely, and it will create treasures that will benefit the whole world. When the bleeding French people lay aside the terrible iron armor it still carries on its wounded shoulders, when it turns again to peaceful work and secures the full fruits of this work, France will flourish, and the whole world will be fertilized by the flowers of France. Not by converting democracy into despotic power, the freedom of nations into oppression of peoples, not with the whip of the Kalmyks, but only through freedom and equality, democracy and socialism, with the light of science and art, can a happy Europe be built. The more generously and boldly one approaches the problem of a peacetime economy, the easier it is to solve. The devastation and destruction of war, spread throughout Europe, are just as many production tasks. The solution to each of these production tasks awakens new productive forces and enriches industry. And how many production tasks still await their solution from earlier times? Just look at great Russia! It still needs at least 200,000 kilometers of railways. Instead of building them, it has completely destroyed its sparse railway network. Give Russia iron links, and it will enrich the entire world with the treasures of its soil and the energies of its highly gifted population. Think of Siberia, Central Asia, the Caucasus! All these regions are now open and free for industrial and cultural development. If one considers the enormous possibilities for raw material supply and production

development that are opening up there, one will recognize the bloody crush in colonial Africa as absurdity and madness. The world is big; We ourselves only stand in each other's way. Think of the unsolved social problems of the civilized world, which are also the greatest production problems. For example, the housing question.15*

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-228But Europe is no longer working. That is the greatest of all war damages. As long as change has not been brought about here, nothing will help. Contributions are of no use if no work is done. The legal and moral foundations of industrial development must be restored. First, peace. It is not yet here; instead, war has been replaced by a state of general insecurity that feeds Bolshevism. The system of closure and the military dictatorship have torn apart the ties of world industry, abolishing all its safeguards: freedom of trade, of traffic, the security of person and property, the stability of legal relationships and of monetary circulation. Thus, the bourgeois social order is dissolved and its authority eliminated—what wonder that Bolshevism flourishes on the other side? In contrast to these anarchic conditions created by imperialism, socialism demands the safeguarding of law and order, the protection of personality and private property, insofar as it does not serve as a means of exploitation, free movement, economic equality of nations, freedom of the seas, and free trade, in order to tap into the productive forces of the entire world and create the greatest possible interconnectedness of world industry. Socialism seeks to solve the problem of reconstruction through the development of the productive forces of the entire world, through solidarity among nations, through the expansion of international relations in trade, industry, and finance, through the elimination of military waste everywhere, through the exertion of all forces and the general improvement of prosperity, through social assertion and the peaceful cultural work of the masses. This is the only way to a healthy situation. Any deviation from this only leads to an even greater worse disruption, leading to economic and political catastrophes.

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PART FIVE THE SOCIAL BALANCE SHEET OF THE WAR APPEARED: BERLIN 1917

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One may think what one will about the diplomatic prehistory of this war mentality; but whatever its official causes and motives may have been, it is clear to all that it was preceded by a conflict of material interests among the major states, and that only this clash of interests was able to give it its long duration and its immense destructive power. If one now considers the war's results so far from the perspective of the material interests of the states involved, one finds that it has caused immeasurable damage on all sides. The damage caused by the war is so great that no victory, on any side, could undo it. Victors or vanquished, they all lie beneath the rubble. The calculation was wrong on all sides. The stakes were too high, the banker has long since gone bankrupt, the bets cannot be paid, and yet the game continues, and the deposits accumulate to a dizzying level—deposits of property and blood. It is a frenzy that only maintains itself by not calculating, not thinking, and, above all, by avoiding looking back. Let us let the facts speak for themselves. Let us gather courage to look at the disaster with clear eyes. It is time for Europe to emerge from its madness and reflect on itself, its interests, its culture, its future. We will look at the four main states involved in the war: England, Germany, France, and Russia. We will first put aside all idealistic considerations and ask from a purely material point of view: what did they expect from the war, and what did the war bring them? England. For decades, resentment and annoyance against German competition had been building up in England. When the war came, the English imperialists believed that with the

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232-H With the defeat of Germany, British dominance on the world market would be restored and consolidated. Germany would be politically weakened and economically exhausted to such an extent that it could no longer compete with England. That was the hope and confidence of those English businessmen who supported the war. But this hope is now more distant than before the war. For the weakening is reciprocal. In contrast, England's other great rival on the world market, the United States of America, has grown immensely stronger. For this reason alone, England's position on the world market has not improved as a result of the war, but worsened. The only tangible result of the war on England's side is that it has militarized its industry, i.e., it has given it a direction that is detrimental to the country's further economic development and also to its position on the world market. Furthermore, it has squandered its wealth and its supply of labor and intelligence, and has burdened itself with debt. One can already safely assume that by the end of the war, the British Kingdom's war loans will amount to approximately 100 billion marks. The significance of these figures is only grasped when one

considers what could have been achieved with this enormous sum if it had been used for useful purposes. Before the war, England's entire merchant fleet comprised 12 million net registered tons. Before the war, the construction of the best modern steamers cost at most 250 marks per ton. So it would have cost 3 billion to build a fleet as large as the entire English merchant fleet. This was not the true value of the English ships. This was lower, because among the stated 12 million tons of shipping space there were many sailing ships and a large1 With the outstanding debt, the reality is almost 150 billion.2 Without colonies.

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233—Number of older steamers that cost less. Our calculations show that if England were to build a completely new, modern fleet of the same tonnage as its old merchant fleet, it would have cost a maximum of 3 billion marks—less than the interest it will now have to pay on its war bonds. But what a tremendous competitive tool such a modern merchant fleet would be in the hands of English industry! If only 3 billion marks had been made available to English shipbuilding on the same terms as the Army Administration had received the large capital—that is, for free—England would easily have broken all records on all the world's oceans in terms of speed, cheap freight, regularity, and convenience of service. It would thereby have made German competition impossible without a single stroke. Total German exports to the English colonies amounted to approximately 450 million marks annually. This was the thorn in the side that drove the English imperialists to war. Was it worthwhile to spend 100 billion marks[3] in direct war costs alone to eliminate this competition? Even if the war had succeeded in completely eradicating German competition in the English colonies, it would still take 200 years to compensate for the damage England had suffered as a result of the war through English trade with the colonies. German exports to England amounted, extrapolated, to 1,500 million marks annually, while German imports from England were about 900 million marks annually; this results in a difference in Germany's favor of 600 million marks annually. The German supply of goods had a stimulating effect on English industry. But even if one were to adopt the most narrow-minded of all selfish viewpoints ever represented in the English business world and assume that balancing the Anglo-German trade balance by eliminating the German export surplus would be advantageous to England, England would gain only 600 million marks[3], or 150 billion gold marks!

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234 marks annually. This sum, together with the 450 million marks that would result from the displacement of German trade from the English colonies, amounts to roughly one billion. To offset the 100 billion war costs in this way, it would still take almost a century! These are striking

numerical contradictions. It is a disproportion the likes of which the economic history of humanity has never seen in such a horrendous form. Is it worthwhile, then, to bury the entire house under a mountain of sand that suffocates all living things in order to eliminate the draught from a broken windowpane? But that is the relationship between English war costs and German-English trade competition. I do not believe that God created the world for the English. I consider the viewpoint that believes the economic and cultural advancement of one nation can only be achieved by oppressing others to be narrow-minded and pernicious. My opinion is rather that civilized nations are interdependent, that the promotion of production, prosperity, and culture in one country benefits all others, and that noble competition in these areas can be for the good of all. But I maintain that even those English who, blinded by selfish business interests, saw England's salvation in the exclusion of German industry from the world market, chose the most inappropriate means to achieve this goal when, instead of fighting German competition with cheap sea freight, promoting domestic industry, and developing science and technology, they intended to overcome it by piling up mountains of corpses on the continent. English imperialism has reduced itself to absurdity through the war. But the English people have to bear the costs. Germany. In Germany, too, the material interests associated with the war have long since turned into their opposite.

235The capitalist opposition to England aroused in Germany the feeling that England stood in its way. The more Germany advanced on the world market, the more it encountered English colonies and spheres of interest. If England felt threatened by competition from German products, Germany saw itself constrained by English world domination. With the rapid development of German industry, concerns arose, particularly regarding the supply of raw materials, which were greatly exacerbated by the English imperialists' plans for isolation. Attempts were made to prevent this by expanding German colonies and developing economic relations with the Orient. When the war came, Germany hoped that the collapse of English world domination would forever secure free passage for German trade on the world's oceans. The war will now cost Germany 70 to 80 billion marks in war bonds alone. This outweighs all the advantages that Germany could ever have gained from the war. What has just been said about the British merchant fleet applies with even greater justification to German shipping and German competition on the world market. Before the war, the German merchant fleet totaled only 33 million tons, worth approximately 4 billion marks. With only a small fraction of the money swallowed up by the war, German shipping could have been enabled to seize control of world trade and reduce freight rates for raw materials to such an extent that the superiority of German industry on the world market would have been secured. Let's take another example. The most important raw material that Germany imports from abroad is cotton. In 1913, the last year before the war, the German Empire imported 478,000 tons of raw cotton, or roughly one million bales. I raise the question: how much capital would be needed to buy up enough plantations in

cotton-producing countries to adequately supply the German textile industry?4 It amounts to almost 200 billion, plus 100 billion in outstanding debt.

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236--Before me are the statistics of the 1910 census of the United States of America. I see from them that the total value of all the farms in the South Atlantic region at that time was not quite 3 billion dollars or 12 billion marks. That is a respectable sum. But for someone who can afford a European war, it is a trifle. It is not even a sixth of the expected final sum of German war loans.5 With this relatively small amount of money, one could buy up the entire agricultural sector of South Atlantic, including all buildings, machinery, livestock, etc. But South Atlantic produces over 4 million bales of cotton, four times what Germany needs. One could therefore acquire this entire production year after year with an investment capital of 12 billion marks. And in addition, one would have the entire production of these provinces in grain, livestock, etc. After deducting the 12 billion from the German war bonds, there would still be over 60 billion remaining. With this money, one could buy up all the copper mines and the entire petroleum industry in the United States, and there would still be many billions left over. All these comparisons are, of course, only illustrative. They are intended to show the extent of waste that the war has brought with it. At the same time, they are intended to give an idea of what could be achieved with the money if it had been used for productive purposes in peace. With much smaller sums than the amount of the German war bonds, one could transform Anatolia, Mesopotamia, and Syria into flourishing gardens, crisscrossed by canals and railways, animated by cities and mines. One could create cotton crops in Africa and industries in Siberia. Whatever it did, Germany would have been able to cope with the Barely 4%, if a devaluation of the Mark had not occurred in the meantime. 6290 billion!

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237 money spent in peace could achieve far more than even the most brilliant victory in war could bring. France. In France, war was closely linked from the outset with the idea of revenge. It did not come from the depths of the people, and certainly not from the working masses, who saw France's pride not in the restoration of the past, but in the construction of the future, in social and cultural progress. But even if the idea of revenge had to be thrown into the French masses as a means of agitation, the war itself, by whipping up national passions, gave it a new, unsuspected force. The idea of revenge is not only a territorial one; it is also a moral one. France wanted to restore its military glory, which it had so brilliantly established at the time of its great revolution and the first Napoleon. It should be acknowledged that it succeeded in doing so. Republican France, the France of democracy—one might even say proletarian

France—developed a completely different power of resistance than the bourgeois France of Louis Napoleon. In this war, France proved itself, alongside Germany, to be the militarily strongest nation in Europe. But at what price? At the price of a permanent and terrible weakening of the nation. This weakening is so great that no Alsace-Lorraine could make up for it. According to the estimates of the "Selskabet for Sozial Forskenaf Krigens Folger" in Copenhagen, France's losses during the first two years of the war must have been: Dead Invalids 888,000 634,000 Total 1,519,000 Other wounded 1,481,000 Total 3,000,000 France's loss in dead and disabled, i.e., those who are no longer able to work and are condemned to die more or less quickly at the expense of the state,

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238 thus already comprised over one and a half million men during the first two years of the war. It is expected to reach at least 2 million by the end of the war. However, the total male population of Alsace-Lorraine, according to the last census, was only 965,625. France therefore lost twice as many men to the war as the total male population of Alsace-Lorraine. Including women, the population of Alsace-Lorraine, according to the last census, was 1,874,014. This is still less than France's losses in dead and disabled. This figure includes not only women, but also the elderly and infants, while France's war losses affect the nation's prime. And how many of the wounded and sick, who have not yet been counted as totally unfit for work, will soon become so as a result of the hardships endured in the war, and how many of them will soon die? Even worse, and especially bad for France, is the decline in the birth rate caused by the war. According to the calculations of the aforementioned Copenhagen Study Society, this significantly exceeds the number of those killed in the war. The French people were promised a strengthening of the nation through the reconquest of Alsace-Lorraine, and the war has torn gaps in their own nation that more than twice the size of Alsace-Lorraine. What would one say of someone who, having had his right foot amputated, tries to make up for it by cutting off his left leg? Sheer madness! But the matter doesn't become any more reasonable simply because it's being done to an entire people. That's the outcome of the war for France and Russia. Here, people dreamed of expanding their power through the war. Nowhere was the conquest and rape-like nature of the war so blatant as in the Tsarist Empire.

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239The result is a weakening of Russia similar to that achieved only by the Crimean War. Russia is close to sinking into a British colony unless, as after the Crimean War, it awakens to new life through a strong internal reorganization process, through far-reaching political and economic transformations. In order to make the war popular among the masses, the idea of

German rape ("nemetzkoje zasilije"), the economic oppression of Russia by Germany, was propagated in Russia. This claim was based on the fact of the increasing German supply of goods and the increasing inflow of German capital to Russia. Consciously or semi-consciously, false conclusions were drawn from this. The inflow of German capital to Russia was smaller than that from other countries. However, it is generally a natural process for capital to flow from capital-rich countries to capital-weak ones. If this money is used to develop industry and agriculture, it leads to the economic strengthening of the country. This is how the United States North America developed. Such is the history of every industrialized country. The situation seems somewhat different with the supply of goods. It is a common belief that foreign products can nip domestic industry in the bud. I will not discuss the dispute between free trade and protectionist tariff policies here. It is unnecessary, since Russia has long had a strong protectionist system in place. However, since the phrase "German rape" undoubtedly influenced for a time in Russia not only the urban mob that broke into German shops and private homes, but also the Russian intelligentsia, since it was one of the most dangerous illusions of interest in this war, we will briefly examine how the supply of German goods to Russia developed.

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240 According to official Russian statistics, German goods imports to Russia in 1913, the last year before the war, were as follows: Goods imports from Germany to Russia: Foodstuffs . 42 million rubles Raw materials and semi-finished products 280 Manufactured goods 320 Total 642 million rubles Finished products thus constituted only about half of German imports to Russia; the other half consisted of foodstuffs and, above all, raw materials and semi-finished products that were further processed by Russian industry, thus serving to build up this industry. However, if one looks specifically at the manufactured goods imported from Germany to Russia, one finds machines, instruments, and agricultural utensils worth around 120 million rubles! This was certainly not a disadvantage for Russia, but a great advantage. This was the "German rape" that Russia supposedly wanted to protect itself from through the war. It was a phantom, painted on the wall with clumsy means by the intellectual mob to deceive the people. But the war proved to be the most unsuitable means imaginable to establish Russia's economic independence. Russia's war bonds are likely to have amounted to approximately 70 billion marks by the end of the war. This enormous sum weighs particularly heavily on a country whose economic resources are still poorly developed and which has only a very sparse railway network. Even in European Russia, there are only 1.2 kilometers of railway per 100 square kilometers, compared to 11.8 kilometers in the German Reich. For every 10,000 inhabitants, there are 4.8 kilometers of railway in Russia, 9.5 kilometers in Germany, and 11.5 kilometers in the United States. 42.3 Kilo-7 They are estimated to be worth 3.6 billion pounds sterling, or 72 billion gold marks, to Brestlitovsk.

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241 meters. Russia could quadruple or quintuple its railway network, and it wouldn't cost nearly as much as its war bonds. But a well-developed railway network would actually bring Russia economic strength. Only then would this giant empire have coherence and inner stability, would develop agriculture, bring industry to its peak, and allow the Russian cities, which now mostly lead a miserable existence in the cultural wastelands of the vast provinces, to grow into great cultural centers. Instead, a war was fought that exhausted the country's strength to the core and burdened it with a terrible debt burden. This weighs all the more heavily on Russia because the largest portion of the interest on its national debt flows abroad. Russia has experienced firsthand where this leads, and the example of Turkey demonstrates even more clearly. Before the war, France was Russia's banker. Trade between Russia and France, however, was very small. France imported goods worth around 100 million rubles annually from Russia, while France's supply of goods to Russia in the last year before the war amounted to 57 million rubles, not even a tenth of what Germany delivered. In contrast, even before the war, Russia had to pay 402 million rubles annually in interest on its national debt, which flowed primarily to France. This was certainly an unhealthy ratio. A significant portion of the Russian peasants' taxes went to France as rents. During the war, England was Russia's main financier. But England does not like to engage in purely financial transactions, and especially not in risky financial transactions. Thus, it has now applied the same method to Russia as European capital used in Turkey. It has pawned Russian customs duties, placed Russian foreign payments under English control, and secured industrial concessions whose full extent can only be known after the war. Parvus 16

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242 One of Russia's most important aims in this war was to conquer Constantinople. Official Russia viewed the Turkish possession of the Straits as a shackle. However, it did not free the Empire from this shackle, but rather imposed financial shackles on it, which bound it quite differently than the Dardanelles, which, incidentally, were completely open to peaceful Russian trade and commerce. Taking the whole picture, one can say: Russia-Germany industrialized, was financed by France, and fell into debt bondage to England as a result of the war. The damage this war has inflicted on Europe and humanity is so enormous that no one would have dared to wage war if they had foreseen its long duration. The logical consequence of this realization would be to end the war as quickly as possible. But the very immense devastation of this war has become a fundamental factor preventing the conclusion of peace. If the war leaves nothing but victims and damage, how can it go on? So one shies away from peace, which will, above all, bring full awareness to the enormity of this war, and seeks to continue the war in the hope that it will still bring advantages. This applies especially to the Entente countries. While

one must admit that the goals one set out to achieve at the beginning of the war, and consequently that the continuation and non-continuation of the war, are even less justifiable than its beginning, one dares not fully consider the idea and helps oneself out of the embarrassment by shifting responsibility onto the other party. This is, first of all, the question of who was responsible for the war. I do not underestimate the significance of this question at all, but I see another, even more important, behind it: how was it possible that anyone could have been responsible for this war in the first place? How was it then possible that this world catastrophe could have been brought about at all, whether by individuals or by interest and power groups?

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243I will clarify my idea with a comparison. If someone stacks gasoline in wooden barrels in the courtyard of his factory, if he keeps dynamite in the cellars, and polishing spirit, turpentine, and cellulose in the upper rooms, if he leaves all this lying around freely, if he has dishonest or drunken managers and gatekeepers who quarrel with one another and increase the disorder, and if then a passing scoundrel, out of high spirits and malicious joy, sets fire to the straw on which he spent the night in front of the factory gates, whereupon the whole thing blows up, who is most to blame? The scoundrel, the gatekeeper, or the factory owner and management who collected the explosives and combustibles without ensuring the necessary safety measures? The main guilt of the war lies in the political and social conditions in Europe, in the explosives that have accumulated here, in the inadequate safety measures against shock and fire, in the inadequate responsibility of governments, in the inadequate popular control of the power factors that have to decide on war and peace. Should a situation be maintained in which all of Europe could be reduced to rubble by a terrible explosion if a soldier, intoxicated by liquor or a sense of power, discharges his weapon? That is the question. This will have to be addressed. But is that a reason to continue the war? On the contrary, this is a reason to settle it as quickly as possible. If starting the war was a fault, continuing it is an even greater fault. The slogan "The war has been forced upon us" is no reason to avoid peace. Someone set fire to his neighbor's house. The fire spread to his own house. Soon the entire neighborhood is ablaze. And everyone refuses to put out the fire, blaming the other for the blaze. But that's not a reasonable human society. It's a madhouse!17

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244-SO Then peace itself is turned into an argument for war. The gentlemen of the Entente refuse to accept the peace proposals of the Central Powers, declaring that we must carry the war to victory in order to secure lasting peace for the world. This is, first, a fallacy, and second,

an impossibility. For if the Entente should actually succeed in forcing the Central Powers to their knees, wresting Alsace-Lorraine from Germany in the west, Posen and Silesia from the east, shattering Austria so that at its expense Russia would rise to an even more gigantic power, blocking Germany's access to the Orient and to the markets of the Pacific—all this and more is undoubtedly planned by that side in the event of a decisive victory—it would become a matter of Germany's existence, a question of its entire economic, political, and cultural development, to make amends, and the German people in all its parts would have no other thought than to repay the disgrace and injustice that had been done to them. The same would, of course, apply if the Central Powers wanted to wrest provinces from other countries. The result would therefore not be a secure peace, but a constant threat of war and constant armaments. The war has been going on for almost three years; we have gained enough experience. The nations have been bled to death, and every blow, delivered by one side or the other, is delivered from a wounded body, summoning the last of its strength. Warmongering has reached its most terrible and senseless form. It is almost as if one were urging sick people on their deathbeds to attack each other with knives. The war is no longer fought for interests, but for prestige. One wants to emerge victorious, even if one's own people and all of Europe perish in the process. "Then comes the phrase "restoration." What the war caused and what it destroyed must be made right again: the destroyed law and the devastated wealth of goods and human lives.

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245 This is a major problem. But those who make it a reason for continuing the war demonstrate that they do not have the slightest grasp of the significance of the question raised. Can the dead be resurrected? Can the shed blood be pumped back into the veins of the millions of people whose pulse it formed, and with whom countless other millions were connected in joy and sorrow, in the struggle for a morsel of bread and in the hope of a better future, in existential and family worries? Decades will pass before the misery and suffering of the widows and orphans created by the war no longer cloud the eye, and only death, the all-destroyer, will eradicate this stain. But when they speak of restoration, they do not mean the rights of the masses whose lives and happiness were destroyed, but rather so-called international law, the law of states. This has been swept into the maelstrom. Some have their Belgium, others their Greece, and together they have violently strangled, torn apart, and destroyed the trade and commerce of the neutral states. The independence of the occupied neutral states must be restored without fail, and measures must be taken to protect the rights of the neutrals for the future. There is absolutely no disagreement on this. But whether diplomatic agreements alone are sufficient is another question. Ultimately, international law is only one part of the great problem of establishing friendly relations between civilized nations, of world peace. But this, as has already been emphasized, is rooted in the depths of social life. It is a matter of bringing about a state of mutual support, instead of mutual economic conflict between nations and states, of allowing the political influence of the working masses to prevail, and of promoting the

interrelationships of world culture. For all this, peace is needed above all else. Only when the people return from the front and when they have

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246 of the war, they will be able to establish order in their own house. Without safeguarding the rights of the peoples in the individual states, there can be no security for international law. But that is not what causes difficulties and why, especially on the Entente side, they insist on "restoration." They mean something else and use a euphemistic expression because they themselves are aware of the enormity of the demand. By "restoration" they understand the reimbursement of war costs, that is, war contributions. The question of war contributions must be removed from discussion on both sides, by the Entente as well as by the Central Powers. Apart from the fact that the blame for the war falls fairly equally on all capitalist governments, the capitalist system, and that it would be unjust to make people pay for the sins of their governments, the costs of this war are so enormous that if only one party were to bear the total costs, this could lead to the economic ruin of all of Europe. To want to burden one group of states with all the war costs would mean wanting to exploit them for the benefit of another group of states. Some states will become impoverished, while others will receive an enormous financial boost. The result will be a devaluation of money in these countries, i.e., a general increase in prices, which can only hinder production. Money is by no means wealth in the national economy, but merely an indicator of wealth. The wealth of a country consists in industry and agriculture, in the available supplies and means of production, and is measured only in money. Thus, if one excessively increases the money supply to a country through violent measures, this ultimately has the same effect as excessive use of the printing press. The five billion euros awarded to Germany in 1871 already had this effect and were partly responsible for the trade crisis that quickly followed; that was child's play compared to the sums that would be considered now. Furthermore, the impoverishment of large, civilized countries, such as England,

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-247 country or Germany, which would hinder the economic and cultural development of the entire world, for these are also the countries with the greatest and most sophisticated needs. Germany is England's fiercest competitor on the world market, but at the same time, Germany is one of England's best customers, and England one of Germany's best customers. But long before these consequences have been realized, the countries that would be saddled with the war costs would declare bankruptcy. The damage of this world war is so enormous that all of Europe must unite its efforts to repair it. Herein lies the solution to the problem. Everyone must work together for "reconstruction." Let us finally understand that this war was a tremendous

misfortune for all the peoples of Europe, and that we can only escape this misery through mutual help and support. Let us try to form an idea of what the war cost the peoples in property and blood. This is not easy at all. For governments conceal the figures. Most do not even publish proper lists of losses. The regular publications of the statistical bureaus have been discontinued. Furthermore, the war has torn apart international relations. Scientific and literary exchange has ceased. Each country has cut itself off from the others by censorship walls. The following estimates are based on calculations published by the Study Society for the Social Consequences of the War in Copenhagen. They make no claim to accuracy. However, the principle has been followed: it is better to underestimate reality than to exaggerate it. These are minimum figures. Cost of the war for a three-year period Duration of the war: 8 War bonds Dead and wounded Dead alone Disabled Dead and disabled Losses due to declining birth rate 350 billion marks 24,000,000 men 7,000,000 5,000,000 12,000,000 9,000,000 8 The cost of the war is calculated at 39 billion pounds sterling, or 780 billion gold marks, the total human loss at 40 million, the number of war dead is 12 million.

248 These are, as already mentioned, minimum figures. The Study Society in Copenhagen currently possesses probably the most complete collection of relevant material. It has over 600 journals and all the statistics that could be found during the war. Its calculations have received international recognition. Complete statistics cannot exist until the official figures are published after the conclusion of peace. As enormous as the above figures are, they still do not provide a true picture of the terrible damage caused by this war. Regarding the financial costs, one must also consider the devastation caused by the war, the consumption of materials, the dilapidated railways, etc., and finally, the impending expenditure on pensions, the magnitude of which can be imagined from the horrifying figures of the dead and disabled. The amount is likely to almost double.9 As for the human victims, the dead only include those who fell in the war. But how many return from the front, only to succumb within a short time to their wounds or the illnesses they brought with them? And the decline in the birth rate will surely continue for several more years due to a lack of men. But even the figures already obtained are so enormous that they exceed our imagination and must be broken down into smaller quantities to be understood. We possess statistics on world gold production since the 15th century. The entire gold reserves accumulated since then to the present day amount to 62 billion marks—not even a fifth of the war bonds!10 If one wanted to pay out the 350 billion in 20-mark pieces, one could use them to wrap a belt nine times around the equator. These are sums that exceed all usual dimensions. The entire national debt of Europe before the war amounted to 104 billion marks. It rises due to the war to 450 billion marks.11 Where is the country that can bear this debt burden?9 It is still far from sufficient.10 Much less.11 780 billion

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249 alone? All of Europe will collapse under it unless it unites and rapidly increases its production and wealth through mutual support. If one were to form a funeral procession of the seven million dead, it would stretch almost 14,000 kilometers. It would reach from Paris to Vladivostok. The millions of crippled, sick, and now remember the half-dead! Where will this lead? What will become of it? If frost kills the tree blossoms, there will be no harvest. We know that. But we have allowed the blossom of nations to be destroyed by war. This damage, too, is not temporary; it is permanent. The consequences are unimaginable. Europe has lost more human lives in this single war than humanity lost in all the world's wars combined from 1790 to 1913—almost twice as many! 12And the murder is supposed to continue! For almost three years, we have lived only by destruction. The enormous resources of our industry, technology, and science, which we were proud of, which raised us high above earlier times, which made us rich and strong, we have directed toward the sole goal of destroying what we have created. And we have achieved monstrous things in this. Isn't it still time to put an end to this rage that is destroying nations and uprooting cultures? One may think what one will about the future of Europe and may resolve what one may do, the most urgent need of the hour is peace. But the forces that caused this war are still at work. They are the ones preventing peace. The power of individuals is built on the ruin of nations and civilizations. But no human self-interest can be so great as to seek to assert itself with such sacrifices. 12 Study Society Bulletin No. 2.

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250 Therefore, it is no longer greed for profit and the lust for power that continue the war. But those at the pinnacle of power and wealth now realize for themselves that they miscalculated when they brought about the war, and they shudder at the consequences of their actions. Their hope turned to fear, and fear proved to be a bad advisor. They can no longer decide on anything and let fate take its course. But their fear envelops them in terror. They threaten foreign peoples with total annihilation and suggest to their own peoples that they will be destroyed by the others if they do not continue the war. Let us not allow ourselves to be deceived by this. These are partly lies, partly exaggerations. To the extent that real dangers exist, we will deal with them once we have peace. For there is nothing more terrible and destructive than war after it has already lasted three years. The worst danger, incidentally, has already been eliminated by the war itself. That was Russian Tsarism. The uncanny chain of events created by the war, which, in the event of an Entente victory, would have to subordinate Europe to the will of Tsarist Russia, was the main reason why German Social Democracy had to participate in this war. We know well that Russia has not yet ceased to be a military state. The democracy now asserting itself in Russia, left to itself, as in France and North America, must, as in France and North America, lead to a capitalist liberalism, which will indeed add new and powerful forces to militarism. We

can no longer prevent this by military means. But democracy in Russia will be able to assert itself all the more the more it is supported by the workers' democracy of Western Europe. The fight against Russian militarism is therefore no longer a military one, but a political one. To establish workers' democracy in Western Europe, we need peace above all else.

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251Through the victory of the revolution, Russia has entered a time of the most tremendous spiritual and intellectual upsurge. Thoughts soar to their boldest flight, the will gains its greatest momentum. Social forces are unleashed that were previously barely imaginable, and public opinion throughout the world is swept along by the mighty struggle and activity of the great people stirred by the revolution. But for these influences to be fully realized, it is necessary that war, with its worries and moods, be eliminated. Further democratic development therefore requires peace. The revolution is no justification for war. The revolution itself needs peace. "False friends, hypocritical advisors tell the Russian revolutionaries: You have overthrown Tsarism, now we want to destroy Prussian militarism together," and they demand the support of the Russian Freedom Army, just as they previously demanded the support of the Tsar's army. All due respect to the heroic struggles of the Russian revolutionaries, but we, the Social Democrats of the Central Powers, also contributed to the overthrow of Tsarism. We went to war with it, and we achieved our goal. Without the Russian defeats, there would be no victory for the Russian Revolution now. We did it, and certainly not those who, when the workers of Germany and Austria-Hungary bled to death fighting the Tsar's army, stabbed them in the back with barrage fire and gas bombs and, with cold cruelty, condemned the women and children of Germany to starvation in order to sap the men's energy. paralyze. If they had succeeded and not we, the Tsar would now be surrounded by new glory, while the Russian revolutionaries would languish in Siberian prisons. Even those who ran along whining, nagging, and wringing their hands have contributed nothing to the great work. Nor have those who washed their hands of innocence, saving their personal salvation through a spiritual back gate into a cloud cuckoo land, from which they now, with arrogance, which they pharisaically poured into a

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252 abstract humanitarian nonsense, contemplating the masses who had to fight the bloody battle in the earthly dust. We dared the fight, assumed the responsibility, and truly, it was not easy to dare and carry out the risk. To win freedom in Germany, we do not need the Russian Freedom Army. We will manage on our own. During the war, we had to abandon the fight against the Junkers because we had a worse enemy to fight: Tsarism. We had to abandon our entire fighting position in domestic politics in order to be able to hold out in this terrible war. Now

that we have saved our organizations and democratic institutions from being shattered by the Tsarist armies, we will resume the fight for democracy and socialism with tenfold energy. Whoever doubts this sees nothing, hears nothing, knows nothing. Anyone who believes that Germany's industrial workers will become unfaithful to the aims of Social Democracy after this war lacks understanding of the driving forces of the modern labor movement and conceals their own inner emptiness with revolutionary rhetoric. The struggle we will have to wage after the war extends far beyond Germany's borders; it is the struggle for socialism. When we joined forces with the socialist parties of other countries to form the International, it was not to combat the German Junkers, and even less to bring about French or English conditions in Germany. We knew that there is more personal freedom in England than in Germany, but also more capitalist arbitrariness; that France has a more democratic form of government, but also a more corrupt parliamentarism, and that it lacks the workers' institutions that, in Germany, give the proletariat greater prominence. We therefore had no reason to exchange places with France or England, and we did not want to. We united with the others to continue the struggle against the capitalist state in general, as it exists in both Germany and

 in France and England. Our struggle for Prussian voting rights concerns the socialists of other countries just as much or just as little as the struggle over the Dreyfus Affair and the French General Staff concerned us, or as the struggle for Home Rule concerns us. We have our opinions and our interests, but it never occurs to us to interfere in French or English affairs for that reason. We have united with the socialists of all countries in a common struggle for common interests; we wanted a unification of the struggles that every socialist party must conduct in its own country on the path to a common goal, and we remain committed to this now. We are always ready to work together in the spirit of socialism, but we must fight our own battles ourselves. Nor should one be deceived about the effects the revolution had on the Russian army, the moods it triggered. It is still only an army of disgruntled peasants, not a proletarian revolutionary army. The defeats have contributed greatly to this discontent. Should the tide turn, should the Entente armies achieve significant military successes, new sentiments could arise. The peasant's hunger for land manifests itself not only internally but also externally; it can be a revolutionary factor as well as a factor of conquest. To secure the progress of the revolution in Russia, the Russian army must be demobilized. War, with all that it entails, must be dropped from discussion. The masses now held together at the front must return to their homeland, as must the others who are in foreign captivity. If there is no more war, the people's entire attention will be directed toward internal social conditions, and the millions returning from the front and from captivity will become just as many revolutionary agitators. The peoples must unite to make peace, because the capitalist governments that instigated the war can no longer do it alone. Official diplomacy

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254 fails completely, and the army commands can only destroy, not build. Building—that is the watchword of the age. And from all sides resounds the call for a strong social democracy. World history has distributed the roles strangely: the army acted revolutionary, while social democracy was tasked with saving Europe from anarchy and ruin. Tremendous feats must be accomplished to allow new life to sprout from the ruins. The main work in this falls to the proletariat. The economic and political empowerment of the working masses, this foundation of our socialist aspirations, is not merely a demand of justice; it is the ultimate imperative of the times, the only remaining salvation. The world-historical perspective has become immensely shortened; our hopes for the future have become the demands of the day. The war has torn enormous gaps in the population. It is clear that the remaining workforce must now be treated with extreme care. Capitalist industry, however, was based on the rapid consumption of the masses. Instead, if European industry is to assert itself, it must nurture the individual worker until he or she reaches his or her greatest potential. For this, however, appropriately favorable living and working conditions are necessary. A capitalist tendency is already emerging that counteracts this with force: the influx of women into industry. If women's competition is allowed to develop unchecked, not only will a deterioration of working conditions and thus a reduction in the productivity of male workers result, but the entire nation will be ruined by a reduction in births as a result of the industrial demands on women's energies, the dissolution of the family, etc. This can only be remedied through the unionization of male and female workers.

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255 – Trade union and legal standardization of working conditions. The birth rate must increase. Everyone sees this. However, this requires an improvement in the living conditions of parents and a secure existence. Capitalist conditions, on the contrary, create insecurity of existence, resulting in a reduction in marriages and the number of children. Special care must be given to young people. It sounds nice: free rein for the most capable! But the dormant powers must be awakened; the gifted must have the opportunity to exercise their talents, otherwise they will not even become aware of them. That is what schools are for. Without knowledge, there is no capability. The school must be developed into a true public educational institution. The shortage of labor, the world trade destroyed by the war, which needs time to be restored, the rising prices, the change in the discount rate—all this is forcing Europe to the utmost concentration of production, trade, and transport. This increases the danger of wealth concentration in individual hands. This social danger has simultaneously become a national one, as billionaires are joining forces internationally, even becoming intermarried and sisters, thus forming a world dynasty. Therefore, an organization of the national economy with the participation of the state, municipalities, and cooperatives is necessarily a complicated process that changes the

character of the state itself and can only be achieved through the increasing political influence of the working class. The shortage of workers and the rising cost of production on the one hand, and the proletarianization of large masses of people in East Asia and the resulting widespread competition from cheap labor on the other, further dictate that Europe can only assert itself on the world market if it delivers quality work. Civilized nations must also represent civilization in industry. This, however, requires an intelligent, enlightened, well-off workforce.

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256Capitalism has subordinated the domestic market to the foreign one. This gave rise to the predominance of so-called world market interests, imperialism, etc. The war destroyed the world market. Even after the war, it will initially remain divided into individual groups. And when the connections are later fully restored, one will encounter the obstacles that the industries, which have flourished everywhere in the meantime, will offer each other. This forces the industries of individual countries to turn their main attention to the domestic market—a movement that, incidentally, began even before the war. The domestic market, however, is the working masses. The improvement of the social situation of the working class has become a fundamental requirement for the development of Europe. The world relations of industry and agriculture cannot, of course, be abolished. But over time, a relationship will develop in which, in reverse to the previous situation, relations with the world market will be adapted to the needs of domestic consumption. But is the domestic market sufficiently absorbent for industry to build and develop upon it? Certainly it is; its absorbent capacity is unlimited; under appropriate social conditions, it grows with production itself; it is the only secure foundation for industrial development. At the beginning of this paper, we saw how wrong the imperialists' war calculations were, and how much greatness could have been achieved if these enormous sums had been used for peaceful work. Now we want to look at the whole thing from a socialist perspective. If we had used the 350 billion marks in war bonds, for example, to build workers' housing, we could build 35 million of the finest summer houses and accommodate a population of at least 150 million.13 That there is a need for this, no reasonable person doubts today. What a blessing for humanity if18 According to pre-war prices.t

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257If only we had achieved this! A new urban culture would emerge, and a new generation would grow up with sufficient light and air, which would bring incalculable strength to industry and inestimable value to civilization. What couldn't we accomplish with these enormous sums! We could transform all of Europe into a hothouse. ...Instead, they preferred to kill 7 million people at a cost of 350 billion. That's 50,000 marks per person. Never before has murder been

paid for so dearly! And yet, precisely this tremendous waste demonstrates what a tremendous productive force modern Europe represents. If someone had come before the war with problems whose solution required even a tenth of the billions that this war swallowed up, they would have been denounced as a fool and a madman. Now we have learned to measure our economic power. It only matters to unleash the necessary forces and direct them toward useful ends. What do these billions ultimately mean? They represent the achievements of the working class and science—the latter taken in the broadest sense. That's what matters! Europe, on which modern civilization rests, must unite for peaceful action in labor and science. The war ends with the bankruptcy of nationalism and imperialism. It opens the way to socialism. But socialism rests above all on the working masses. And the power of the workers rests on their class solidarity, on their unity. Therefore, I know of no better conclusion for this essay than the old call of the Communist Manifesto: Workers of all countries, unite!

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Other Articles

Japanese Articles

Teruhiro SASAKI - A Short History of the "Socialist Literature Fund

Teruhiro SASAKI - A Short History of the "Socialist Literature Fund

Japanese Title:「社会主義文献フォンド」小史（1887-1888）:「人民の意志」主義と社会民主主義の契間の亡命者群像

Japanese Author: 佐々木, 照火

Citation: スラヴ研究, 34,1-26

A Short History of the "Socialist Literature Fund" (1887-1888)
— Russian emigre-Revolutionaries between Narodovol'chestvo and Social-Democracy.
Teruhiro SASAKI

Abstract:
This article deals with the short history of the organization of the "Socialist Literature Fund" (1887-1888), which is very little known in our historiography.
This work aims to show how this "Fund" was formed and how it was dissolved, as documented in unpublished letters, written by members of the "Fund" to P. L. Lavrov.
The Circle of Narodovoltsy, organized by Brinstein (Isaak Dembo), N. N. Sleptsova and others, dedicated itself to the publication of books and pamphlets on scientific socialism. In the autumn of 1887 Lavrov gave his blessing to the circle and its objectives. The first publication was the well-known "Zur Kritik der Hegel'schen Rechtsphilosophy, von Karl Marx, Einleitung. 1844" in Russian translation. The Circle formally organized the "Socialist Literature Fund" and composed its "Ustav" (Charter) on October 24, 1887.
The Committee of the "Fund" consisted of representatives from various Russian emigre groups. The secretary of the "Fund", M. Philippeo, asked Lavrov to become the head of the "Fund", and he agreed. Lavrov became not merely the advisor but the actual leader of the "Fund" with absolute control over the choice of publications. No books could be published without his "prosmotr" (review).
In 1888 the "Fund" proposed to G. V. Plekhanov that he publish his work on "Lassalle" at the expense of the "Fund". But Plekhanov rejected this proposal, saying that he could not send his work to Lavrov for a "prosmotr". In March the "Fund" asked Lavrov to reconsider his right of "prosmotr". Lavrov agreed, so long as personal attacks were excluded from the publication. This question arose at the same time as the publication of the "Preface" to "La Russie politique et sociale" by Lev Tikhomirov. Lavrov was somewhat sensitive to personal criticism. At last Lavrov added an amendment to the "Ustav", saying that the works of well-known authors could be

published without his review. But Philippeo and some other opposed any weakening in Lavrov's authority, saying that it is an insurance of nonpartisan principle of the "Fund".
On May 3-4, 1888, a meeting was held. The "Fund" split into two factions: one was led by Philippeo and Sherr (and included Bek and others), and the other by Brinstein and Sleptsova (and included R. Soloveitchik, Reinstein-Mogileva, Reinstein, Ganelin, I. Gelifand [Parvus] and others). So the initial division was not between Narodovol'tsy and Social-Democrats, as we see from the membership of the factions. The Brinstein-Sleptsova group was more political than the Philippeo-Sherr group.
Philippeo's faction redrafted "The Basic Statutes of Organisation of the Socialist Literature" and continued to send Lavrov the money they gathered. But the other faction divided in early July of 1888 into two more factions: Narodovoltsy (led by Brinstein) and Social-Democrats (led by Sleptsova and her husband Soloveitchik).
Why did the "Fund" experience such an ill-fated history? First, the debate between Lavrov and Plekhanov was so intense that the "Fund" could not accommodate the differences of opinion between the two political thinkers.
Secondly, the celebrated conversion of Tikhomirov cast a heavy shadow over the whole enterprise. Prominent thinkers —Plekhanov, Lavrov, and Tikhomirov — played more than a secondary role in the fate of the "Fund".
The author has traced the hitherto undocumented history of the "Fund", citing the charters, protocols and statutes, which were found in letters written to Lavrov and currently held in TGAOR (Central State Archive of the October Revolution, Moscow, USSR). The author wishes to express his gratitude to Professor Boris Itenberg, of the Institute of History of the Soviet Academy of Sciences, for his assistance in making this study possible during the year 1980-81.
In 1887, a hundred years ago, Russia's first self-proclaimed "party," the People's Will, was wiped out to its last remaining embers. Alexander Ulyanov's "People's Will Terror Fraction" attempted to assassinate the tsar on March 1, 1887 (Russia). It was an attempt to unify scattered revolutionary factions under the banner of the People's Will. While the group's platform held strong social democratic leanings, its tactics inherited the terrorism of the People's Will. Lenin's brother, Alexander, and four others were executed. Furthermore, Bitsudski, who established the foundations of the Icelandic revolution, and his colleagues were exiled, and the brothers of two future leaders in Russia and Poland were also killed. This article introduces some examples of the activities of those involved in this incident who managed to escape the country. Dates are in the Gregorian calendar unless otherwise noted.
H. A. Ludewich and O. M. Govorukhin, who had fled before March 1, 1887 (Russian calendar), and A. D. Gnatowski and H. B. Dembo, who had fled afterward, gathered in Zurich, Switzerland, and began their new activities there. Their gathering place was the small "Russian Library" on Oberstraße in Zurich.
This article examines the activities of the Socialist Literature Fond, a group that has received little research to date. One of the central figures in this organization was the aforementioned exile H. B. Dempo.
The Socialist Literature Fond, led by Dempo, was made up of students studying in Zurich and young exile activists, and its goal was to unite divided revolutionary factions, particularly supporters of the People's Will and the Labor Liberation League, through book publishing. This

goal was shared by the People's Will Party Terror Fraction. This article examines the activities of these young revolutionary activists.
Through this work, I hope to shed light on the question of what kind of relationship the students and young exiles of the time had with ideological pioneers such as Lavrov, Blekhanov, and Tikhomirov. The students and young exiles were not so far removed from practical activities in the country. They would occasionally return to the country and participate in domestic movements. In this sense, they can be considered practical activists. Recent Western research tends to make a clear distinction between the history of ideas and the history of revolutionary movements. Some researchers believe that thinkers such as Lavrov and Plekhanov did not occupy a very important position among practitioners of the revolutionary movement in Russia. However, it is difficult to agree with this theory.
Revolutionary movements in countries with severe repression seek reliable ideological leaders from whom they seek to obtain guarantees of the movement's legitimacy. In his recent research, Naimark points out that from 1881 to 1894 It has been said that ideological leaders played a small role in the period leading up to the 1950s. On the contrary, I believe that it was precisely during this period, when the "party" that led the revolutionary movement domestically was collapsing, that ideological leaders played a major role. In this period of turmoil, various revolutionary groups approached Lavrov, Blekhanov, and others in an attempt to secure support from ideological leaders. However, whether the ideological leaders were able to provide the ideas that activists desired is another matter entirely.

I. The formation of the "Socialist Literature Fond"
1. Publication of the Russian translation of Marx's "Introduction to the Critique of Hegers Philosophy of Right"
The Socialist Literature Fond's first step was the publication of a Russian translation of Marx's "Introduction to the Critique of Hegel's Philosophy of Right" with a preface by Lavrov.
The details of how this came about are best documented in a letter from H. H. Srevfova to Lavrov. She was implicated in the "People's Will" "Military Circle" scandal (1886-87) and was ordered to live in Switzerland. In May 1887, five members of her group formed a smuggling ring into Russia. Since they all called themselves "People's Willists" (narodvortsy) in Russia, they eventually adopted the name "People's Willist Circle"と (кружок народовольцев).
The group's main task was to raise funds to cover the costs of transporting banned books. In June 1887, they set their goal as "publishing a series of books on scientific socialism." They decided to begin by publishing Russian translations of Marx's "Introduction to the Critique of Hegel's Philosophy of Right" and Kautsky's "Commentary on the Economic Doctrines of Karl Marx." This was due to "provisional demands" for these two documents within Russia. The group had no platform, and focused solely on the practical work of raising funds for publication. At first, they gathered people together through educational activities such as "reading groups," study groups, and lectures on original texts, but then they started holding dance parties, raising 70 francs for the first one and 150-200 francs from the second one onwards.
In July 1887, the circle contacted Lavrov and asked him to send them translations of Marx's works with a preface by Lavrov.
"Dear Pyotr Lavrovich, I am sending you a translation of Marx's essay, for which you have promised to write a preface. We have translated it in a hurry, as it is quite timely. It is a good

time to interpret the current Russian regime and to indicate Russia's role in world history on the basis of this criticism of the social order in Germany and other countries. Moreover, the essay clearly expresses Marx's view that one nation should and can learn from another. Given that so many people incorrectly understand Marx's views on the universal historical path of nations, it seems to me that it would be useful to disseminate the views of this essay." "The reason for publishing this essay was that the so-called early Marx's image of revolution in underdeveloped countries could be found in the logic of "Introduction to the Critique of Hegel's Philosophy of Right," and that this view was considered to be useful for Russia's development.
Lavrov completed writing the "Preface" on October 22, 1887. He praised its publication, welcoming it "with complete sympathy." The "Circle of People's Wilists" was supported by leading thinkers of the revolutionary movement, and their activities were guaranteed to be beneficial. However, Lavrov included his own theory of the Russian Revolution in the "Preface." This cast a subtle shadow over the Circle's intended goal of uniting all socialists. The Circle would experience the advantages and disadvantages of having the support of authoritative revolutionary thinkers.
In the preface to the Russian translation of Marx's "Introduction to the Critique of Hegel's Philosophy of Right," Lavrov argued that Russia must go beyond liberal society and reach socialism.
"To Russian socialist-revolutionaries, the period in which Marx's essay appeared bears many similarities to the situation in our country today. Russian despotism is, <...>a hideous 'anachronism', even more hideous than France at that time, and even more hideous than Prussia in 1844. <...> Russian despotism is 'a vile thing not worthy of criticism.' <...>But this is not the only enemy for Russians at the level of modern world concern. Today, all of Europe is aware that parliamentarism, in the form we find in modern countries, as an instrument of class rule (if not estates), is a dangerous plague on society. This obstacle, 'class' parliamentarism, as a manifestation of the capitalist system.
[The author] Russia, liberated from tyranny, must "leap over", ...6
Lavrov developed this argument for "leaving parliamentarism" and presented it as the starting point for the "Socialist Literature Fond" group. This "leaving" theory set him apart from Plekhanov, who advocated a two-stage revolution, and Dragomanov, who aimed for a constitutional system, and was a rejection of liberalism. As a logical consequence, Lavrov firmly rejected solidarity with Russia's liberal factions. Lavrov could not accept Kulyabkokoretsky's plan to unite all anti-tsarist forces under the immediate common goal of "constitutionalism."
The founders of the Socialist Literature Fond did not clearly recognize these stark differences in policy, which is why they were able to dream of uniting revolutionary forces under the banner of socialism.
2. Creation of the Constitution and the launch of the Socialist Literature Fond
The "People's Willist Circle," whose initial plan received full support from Lavrov, further expanded its organization, bringing together various student and exile circles, from the "Liberation of Labor" faction to non-partisan groups, and drafted a constitution for what it called the "Socialist Literature Fond." This was on October 24, 1887, two days after Lavrov's "Preface." Here is a full translation of an excerpt from H. H. Srevtsova's letter:

"Socialist Literature Fonds Regulations"

1. The purpose of the Literature Fond is to publish translations and original articles that clarify the fundamental propositions of scientific socialism and, from this standpoint luminate contemporary realities thereby contributing to the clarification of the Programme's problems
2. What constitutes the funds of the fund?
a. Member's monthly membership fee
b. Collection of balls and raffles
c. Extraordinary Membership Fees
The organization of the Fond is made up of various circles, each of which has no fewer than five members, and which elect their own delegates, who then form what is called a committee committee shall elect from among itself a treasurer and secretary to be in charge of the financial and communications departments of the organization.
The entire organization was headed by P.L. Lavrov, who held custody of all funds for the fund and had the final say on issues concerning the need to publish one or another paper.
The admission of new representatives of the Circles into the organization is decided by secret ballot.
The surnames of the members and representatives of the circles are kept secret.
October 24, 1887

As can be seen from these regulations, the Fond of Socialist Literature would first form a central "committee" consisting of representatives from five or more circles, an accountant, and a secretary, with "socialism" as its common journey, and Lavrov would be the "head" of the entire organization. Publication decisions would be left to Lavrov. In a letter to Lavrov dated October 24, 1887, M. Filippeo (secretary) described the organization as a preparatory stage for the future publication of an "official journal."
"1. We completely agree with your opinion that the time is not right for the publication of a journal, and that it is only possible to prepare the ground for it by publishing academic articles on social issues.
II. We believe that our undertaking will to some extent promote the unification of Russian youth under one program, and we agree with you that only in this case will the journal abroad fulfill its mission.
III. Pyotr Lavrovich, we ask you to supervise our project and assist us in recommending articles for translation and in evaluating the translated articles and the original manuscripts of the authors who recommend their works to us for publication.
IV. At the same time, we would like you to take charge of the business side of our project, namely, reporting on the amount of income, optimal operation, and other reporting.
V. Furthermore, we have decided to ask you to support our work by appealing to young Russians both inside and outside Russia. As for the issue of the journal, we believe that it can only be resolved in the future and we will take your advice on this matter into consideration with full confidence.
On behalf of the Zurich Fraction of the Organization for the Formation of Literature Fonds
Secretary: M. Filippeo
Zurich, 24 October 1887
Please send your reply to the following address
Zürich. Nelkenstrasse N22/1 Oberstrasse. M. Philippeo J*

As is clear from this letter and the rules, Lavrov has the authority to grant permission for publication and, as the head of the organization, to "proofread" publications in advance. This is perhaps the biggest problem with the Socialist Literature Fond.

3. The risk of organizational division

The Socialist Literature Fond organization expanded beyond Zurich to other cities where Russian students gathered (such as Bern). However, from the very beginning, Bern was divided into the "People's Will" faction and the "Labor Liberation" faction over the issue of Lavrov's editing. Meanwhile, Dembo (a woman) reported the following to Lavrov from Bern:

"At the end of January, some comrades in Zurich approached us with a proposal to join a literary fund that had been formed there. They sent us their regulations, which stated that all works published with the funds of the fund would be submitted to your review.

A general meeting was held shortly thereafter to discuss the issue of forming a fund. At this meeting, the supporters of the Liberation League did not agree that the Liberation League should send their works for review. Therefore (although they had other motives as well), they formed a separate fund, which they called the Bern Liberation League Literature Fund. A part of the public joined it; the other part founded a similar fund with the same statutes as the one in Zurich. Our monthly membership fee was lower than in Zurich, at 20-25 rubles. 10)

Interestingly, the Lavrov editorial issue caused a rift in Bern before it did in Zurich, and the Bern incident quickly spread to Zurich.

In March 1888, after Tikhomirov published the "Preface" to his conversion manifesto, the Zurich headquarters of the Socialist Literature Fond faced a crisis of division. The reason for this was that the "Liberation of Labor" group refused to accept the same "editing by Lavrov" as in Bern. The situation was as follows: Fond asked Plekhanov to send his copy of Lassalle's pamphlet to Lavrov for publication. The reply he received was:

"1) The second part of the above booklet is published by the Modern Socialist Library is printed. The editors, as you know, are Pi. Akselrod and Plekhanov, and therefore all manuscripts destined for publication are subject to their review.

3) Apart from Pi. Akselrod and Plekhanov, we have no other editors, and therefore

4) We cannot send the second part of Lassalle for review by P. L. Lavrov. If you consider the sending of the manuscript to P. Li's editors an indispensable condition for funding the publication, we regretfully confess that we cannot count on any assistance from your side (11)

The letter was signed by Plekhanov and Zasulich. The Zurich Fond had not taken this issue seriously until then: "The Zurich Liberation League faction had never discussed anything like this." In March 1888, the Fond was faced with the reality of Lavrov's revision of Plekhanov's works, which threatened to split it.

Lavrov initially refused to budge from the Liberation of Labor's refusal to allow his publications to be published, and instead announced his intention to resign. His insistence on publishing the Liberation of Labor's publications stemmed from his concern that they might contain personal attacks. This coincided with the distribution of Tikhomirov's "Preface" to the second edition of his

French-language book, La Russie politique et sociale, and his announcement of his intention to change his mind. This appears to have made Lavrov nervous.
The committee of the Socialist Literature Fond was plagued by two difficult problems: Tikhomirov's conversion on the one hand, and the conflict between the Liberation of Labor and Lavrov on the other. The latter problem was the more serious. in a joint statement, tried to resolve the situation by asking Lavrov to change his editing duties from full manuscripts to outlines, and by stating that personal attacks would not be decided by Lavrov, but would be allowed as long as the organizations to which the authors belonged collectively endorsed them. The committee initially passed the proposal on March 18th with 8 votes in favor, 1 against, and 1 abstention, but at the next meeting (March 20th), opponents raised the following points:
6) The inadequacy of such guarantees
7) Such a solution would allow factions to express opinions that disagree with those of Peter Lavrovich, even if they were strictly based on scientific socialism.
8) The proposal itself could be perceived as pressure on Pyotr Lavrovich from the Committee Plenum.
9) The difficulty of judging the works of the Labor Liberation Organization based on their titles alone in order to address the issue of modern publishing.
This dissenting opinion came from the group of M. Filippeo, and was countered by a group of five people who had written a joint letter to Lavrov: Brinshtein (alias I. Dembo), C. Ganelin (1862-1926), I. Geliphand (Parvus), H. Soloveitchik (Srevtsova), and P. Soloveitchik.

"As to the first point, we believe that a written collective guarantee from the entire group would be sufficient, since it is an important document in the hands of the fund, and the matter is for you alone to decide. The second point contradicts the basic principles of our fund, as set out by you in your statement. The third point would be foolish to say to Pyotr Lavrovich. The fourth point can be dismissed, since, in our opinion, what we require from the Liberation of Labor is not the title, but a detailed synopsis of the recommended work." (emphasis in original)
The Socialist Literature Fund was in a difficult position. Removing the "Liberation of Labor" group from the fund would have made it the property of a single faction, a violation of its fundamental principles. The fund was obligated to report on the current state of affairs within Russia, especially since the first statement had already been distributed. Therefore, it was necessary to keep the "Liberation of Labor" group in the organization. Ultimately, the only option was to ask Lavrov for a compromise. Lavrov had expressed his intention to resign before this letter, but Brinshtein and others persuaded him, saying, "The impartiality of the fund is closely linked to the fact that, esteemed Pyotr Lavrovich, you are its head and have the right to make decisions in difficult times." The committee consisted of 12 members, which meant that at this point (March 23), the core of the fund consisted of the circle delegates, secretary, and treasurer. Based on other sources, the other members of the five mentioned above are thought to have been Beck, Scheer, Filippeo, Reinstein, Reinstein-Mogilev, and others.
When Lavrov received the proposal for this committee decision, he replied that "the collective written guarantee of the Liberation of Labor cannot be considered a sufficient guarantee that there will be no personal attacks." This put the Fond committee in an increasingly difficult position. However, perhaps due to the desperate pleas of Srevtsova and others, Lavrov added a new addendum to the statutes and made some concessions regarding editing.

"1. In the case of a selection of translations of pamphlets or books of foreign socialist literature known to me or of reprints of already published Russian versions of similar literature, I will only indicate which publications I consider more useful.
2. Original works, prefaces, notes, etc. of authors already well-known in Russian revolutionary social literature may be published by the Fond without any proofreading by me or anyone else, provided that the author or his friends assure me that there are no personal attacks on any of the revolutionary social groups in Russia.
3. I will review as many original works of the same type by unknown authors as I have time.
4. I am solely responsible for the accuracy of the translation and the particularity of the content of prefaces and notes, for publications I have chosen and edited myself."

Lavrov presented this compromise proposal on March 29, and the Socialist Literature Fond's committee accepted it, and it seemed that the matter would be resolved. At the very least, it seemed that Lavrov had avoided the situation of having to revise Plekhanov's works. However, the committee became embroiled in a dispute over Lavrov's proposal. Despite numerous meetings on how to interpret Lavrov's proposal, the end of April came and went with no conclusion being reached. This unexpected incident put the Socialist Literature Fond in danger of splitting up.
The incident arose over the issue of membership in the Fond, a topic completely unrelated to the Lavrov-Plekhanov conflict. Membership in the Fond requires that delegates be nominated by circles of five or more members, who are then selected by secret ballot. On April 26, two delegates, I. I. Dugobsky and one other person, applied to join. At the same time, Lavrov's proposal was being considered, and a vote was held on whether the committee should send a letter to Lavrov requesting further explanation.
The vote was split evenly, 7 in favor and 7 against. When the two delegates were proposed, one candidate received seven in favor and seven abstentions, while the other received six in favor and eight abstentions, a bizarre result. A re-vote was called two days later. The result was once again bizarre: one candidate received eight in favor, five abstentions, and one against, while the other received seven in favor, six abstentions, and one against. With only one dissenting vote, they could not be denied membership, and so the two were eventually approved for membership on April 29th.
However, the two elected delegates immediately demanded a general assembly of the fond. On May 3, 1888, a general assembly of 24 delegates met to consider the morality of the actions of some delegates in the secret ballot. It was decided that changing one's stance between the first and second votes was immoral. 15)
When such moral issues come up for discussion, it is inevitable that the organization will split. On May 4, the seven delegates in question decided to separate from the Socialist Literature Fond. They posted a statement of their independence in the reading room of the Russian Library. It read as follows:
“Half of the delegates of the Socialist Literature Fund have decided that it is not possible to carry out the tasks of the Fund together with the remaining delegates and that it will continue to function as an independent organization. The Fund's basic principles and objectives, which are to publish books with the Fund's funds, remain the same. The current number of delegates, including those who have newly joined the Fund, is 7. Independent) counts 10 groups.”

Secretary Filippeo, Treasurer (19)

The Filippeo and Cher faction originally had seven groups under its umbrella, but added three new groups, bringing the total to 10. For the opposing faction, they had not heard anything about independence until the previous meeting (May 3rd), so this came as a complete surprise. The other faction, under the names of Secretary H. Srevtsova and Treasurer Y. Prinshtein (= Isaac Dembo), prepared a statement explaining the circumstances of the split, expressing their hope that the split would not hinder the future activities of the Fond, and declaring that they would also act in accordance with Lavrov's basic principles.

"Socialist Literature Fondo Statement 20)
On May 4, 1888, a meeting of the Fond was held in Zurich, at which the attached protest which had been sent to the Fond was read out. In response to this protest, the Fond issued a statement declaring that the group to which the protest was directed had already withdrawn from the Fond before the matter had been considered. (The group announced their withdrawl in a statement posted in the Russian Reading Room.) Those who passed the vote to join are considered to have been adopted as delegates to the Fond, since the remaining delegates in the Fond had no objection to their admission.
We also see them as people who fully meet all of Fond's requirements. 7 Fond will continue to function with its current staff on the basis introduced by P. L. Lavrov.
Secretary H. Sleptsova
Treasurer P. Brynshtein."
The Brinshtein faction confirmed the legitimacy of the two new delegates' admission and the continuation of the line laid out by Lavrov, and declared that they would continue their activities in the same way even after the Filippeo faction became independent.
The remaining members of the Brynshtein faction were Secretary H. Srevtsova, and deputies P. Soloveitchik, Reinshtein-Mogilyuva, Reinstein, Ganelin, and Gelifand (Parvus).
Since the Filippeo faction still retained half of its members, this did not mean "withdrawal" but rather that they would operate as a separate organization. They would continue to operate under the same name, the "Fond of Socialist Literature." Lavrov inquired about the situation in a letter dated May 9, but only received a notice from the Fond a month later, in a letter dated June 8. This letter revealed that the two factions had continued to work together to reconcile the two factions.
Before June 8, 1888, the Filippian faction of the Fond distributed a lithograph entitled "Basic Rules for the Organization of the Socialist Literature Fond," which reaffirmed Lavrov's principles and further emphasized his "non-partisan" stance.
"Basic Rules of the Socialist Literature Fondon Organization"|
Membership of the Socialist Literature Foundation is possible only if you acknowledge the provisions of the following regulations:
Only those approved.
1. The Fondo is a non-partisan organization. From this basic principle the following follows:
2) The task of the Fond is to publish works of a scientific socialist nature that are equally beneficial to all.

3) While recognizing the usefulness of works of socialist revolutionary content of all tendencies, Fondon will still only fund the publication of works that meet his requirements.
4. Guarantee to those interested in the legitimacy of the Fond's publishing activities and the execution of its tasks.

Therefore, control is necessary.
1) The task of the regulatory body is to check each time a work recommended for publication meets the requirements of the Fond.
2) The publication activities of the Fond may only be controlled by institutions or persons generally recognized by the reading public as impartial and non-partisan in the resolution of the issues in question.
3) Such a control body cannot be:
a) The Fond's delegates, since their staff or the majority of their members may be party affiliations in private.
b) Authors whose work has been recommended for publication (for their own work).
This is natural because, when one or another author represents a party, their written assurance that the works they recommend strictly correspond to the objectives of the Fond may be questioned by other parties, whose opinions the Fond is also forced to take into account from a non-partisan standpoint.
II. At present, the role of this control body, that is, the responsibility of directing the publication activities of the Fond, rests solely with P. L. Lavrov, who is impartial and whose guarantee of the legitimacy of the Fond's tasks will be most appreciated not only in Russian circles but also abroad.
4) By lending his name to the appeal to Russian comrades, P. L. La
Vlöf accepted the role.
5) No work can be published without prior approval from P. L. Lavrov.
6) The Fond's Board of Deputies informs the authors of the books recommended for publication that P. L. Lavrov has made the following assessment... [The paper ends]
These "Statutes" were issued by the Filippeo faction during numerous meetings held between May 9 and early June between the two factions of the Fond, which split on May 4, with the aim of continuing to operate under the single name of the "Socialist Literature Fond." The "Statutes" were drawn up with the aim of further strengthening Lavrov's editorial authority. In this sense, the Filippeo faction supports Lavrov's editorial authority in the "Socialist Literature Fond."
In contrast, the Brinshtein faction tended to try to hold onto the "Liberation of Labor" group by weakening Lavrov's editing. Therefore, they interpreted Lavrov's four concessions mentioned above as a way to relax editing, and at the same time, they insisted that these four points be added to the "Statutes" and that a note be added stating that editing only required the submission of a "detailed outline." They concluded their letter to the Filippeo faction with the following question:
"Do you consider it essential that all publications recommended for the Fond be reviewed by Pyotr Lavrovich for approval, or do you agree with our interpretation above?"
In the end, the documents show that the cause of the split was over the interpretation of Lavrov's editorial.

Its origins can be traced back to Plekhanov's protests. However, it is not accurate to describe the split of the Socialist Literature Fond at this time as a split into the "People's Will' faction and the "Liberation of Labor" faction. According to Srevtsova, two Liberation faction members remained within the Princetin faction, and those who called themselves the "People's Will" faction, such as Scheer and Peck, joined the Filippean faction.
"The rumor that the Fond has split into two factions, the Liberationists and the People's Will faction, is false. What remains of our Fond are the members of the People's Will circle, as you know them, and two groups of Liberationists. On the split side there are people who have never called themselves revolutionaries, and only Cher is considered a People's Willist. There is another revolutionary there, Peck, but as I said at the beginning of my letter, he was never such a revolutionary in Russia."24)
Another splinter group, led by M. Filippeo (secretary) and Scheer (treasurer), also tried to maintain contact with Lavrov. In a letter, probably written in the fall of 1888, M. Filippeo wrote:
"After meeting after the summer holidays to discuss the work of the Socialist Literature Fund, we, the representatives of the Fund, have come to the conclusion that it is necessary to compile the basic articles of the Constitution in the form that we are now sending you. We therefore ask, Pyotr Lavrovich, that you continue to support us in achieving our
On behalf of the Fond Committee
Secretary M. Filippeo
P.S. I enclose herewith the financial report of the fund and 150 francs in cash. currently has 11 group representatives.
M. Ф. 1253
The enclosed financial report reads as follows:
Socialist Literature Fund Accounting Report
April 427 runs, 70 centimetres
May 31
June 33 40"
July 26
total 133 francs 10 centimes
From X 8
From Russia 75
total 216 francs 10 centimes

Currently 43 francs 50 centimes received from the ball total
259 francs 60 centimes
I will send you 150 francs for the time being.
I will send the remaining amount together with the December payment soon.
Treasurer Cher)
I am not sure what kind of relationship the Filippeo and Sher faction had with Lavrov after this. However, the other faction continued to send in funds. In a letter dated August 1888, Slepfova wrote to Lavrov, "Have you received the 169 francs or a little more raised by our fund?" Financially, the Socialist Literature Fund was "unified" in Lavrov's hands.
4. The conflict between Lavrov and the Socialist Literature Fond

Lavrov had no clear understanding of the divisions within the Zurich Socialist Literature Fond. Which factions were divided and in conflict, and which factions were united? Filippeo and Scheer called for Lavrov's increased authority, but the group consisted mainly of young people unknown to the revolutionary camp. Brinshtein (Dembo), the most powerful activist in the People's Will faction, was hell-bent on keeping the Labor Liberation League together. The ostensible cause of the split in May-June 1888 was the issue of the admission of two delegates, but the root cause lay in Lavrov's "editing" problems.
Things got even more complicated in July. Perhaps even simpler. The Brinstein faction split again. This time, it was into the "People's Will" faction and the "Liberation of Labor" faction of Social Democrats. Social Democrats Soloveitchik and Srevtsova, as well as Ganelin, parted ways with the Brinshtein faction. The latter met in Mornay and began working toward forming a "Social Democrat Union." Srevtsova, however, still harbored the dream of uniting the "Liberation of Labor" and "People's Will" factions and continued to be in contact with Lavrov. However, her actions angered Lavrov by insisting on supporting the
"Liberation of Labor" faction's publications.
In a letter dated August 9, 1888, Srevtsova made a request that took Lavrov completely by surprise. She wrote that she wanted to replace Plekhanov's Lassalle with Zasulich's The Internationale in the fund for the "Liberation of Labor" organization. (This was at Blekhanov's instigation.) Zasulich was willing to accept Lavrov's corrections, and Srevtsova promptly sent him a typeset copy of the manuscript. Zasulich's work, titled "Outline of the History of the International Workingmen's Association," had been published in the first issue of Social Democracy (1888). However, due to a lack of publishing funds, only a small portion could be published. Srevtsova therefore proposed that the remaining part be published at the expense of the "Socialist Literature Fund."

"It is eight sheets of octavo paper, two of which have already been typeset, and six more for which funds are not available. Vera Ivanovna readily agreed to send it to you for your review."

The publication of Zasulich's pamphlet on "The International" at the expense of the Socialist Literature Fund called into question the very reason for the existence of the "Liberation of Labor" faction of the Fund. Plekhanov's pamphlet, "Lassalle," did not comply with the Fund's regulations because he refused to have it reviewed by Lavrov, making it difficult to publish. However, if Zasulich had entrusted his pamphlet to Lavrov's editors and allowed it to be published, it would mean that the "Liberation of Labor" faction of the Fund remained in the Fund, even though it had parted ways with the "People's Will" faction.

"It is this conviction that has kept them (the Social Democrats) in the Fond until now and has prevented them from creating a separate organisation alongside it."

Sleptsova wrote to Lavrov, arguing that Fond had already subsidized Marx's Introduction to the Critique of Hegel's Philosophy of Right, with a preface by Lavrov, and Kautsky's Commentary on the Economic Doctrines of Karl Marx, translated by H. C. Rusanov, as well as other publications related to the "People's Will," and that from now on he should fund the "Liberation of Labor." Her tone was very forceful and blunt.

"Since the fund was formed for two factions, the other faction has the right to receive funding for its publications, rather than printing only the publications of one of these factions. I have no doubt that 18 Brumel will also receive funding from the fund, but in a different order. Since one faction in the fund has received funding for its publications, the other faction has the right to do so as well."

His correspondence with Srevtsova ended at this point. Lavrov's distrust of the Socialist Literature Fond grew stronger. He came to regard not only Srevtsova but also Brynstein as "hypocrites."

Lavrov wrote "Letter to Comrades in Russia Concerning M. A. Tikhomirov's Tract" (dated August 10, 1888) in response to Tikhomirov's conversion pamphlet "Why I Ceased to Be a Revolutionary." At the time, the Prinstein-Dembo faction of the Fond for Socialist Literature offered to fund Lavrov's publication of the letter. However, Lavrov was suspicious of Brinstein's attitude, as he was having trouble with H. H. Sleptsova over the publication of Zasulich's works. Lavrov was informed that H. H. Sleptsova had parted ways with Brinstein and completely switched sides to Plekhanov. He received the following letter:

"There appears to have been a misunderstanding regarding the situation in Zurich. You are, as I understand it, considered inconsistent in offering you funding for the publication of the Letter to Tikhomirov and then asking you to contribute to the publication of Zasulich. The situation is as follows: the Prinstein group offered this funding entirely independently and out of their own pockets, while H. H. [Srevtsova] wanted to contribute from the fund. H. H. has completely severed all ties with the People's Will and calls herself a Social Democrat; that is to say, she has nothing in common with the Brynsteinists. I have been promised a letter of reply from Plekhanov to the People's Will, written by him regarding her desire to enter into personal negotiations with you in order to settle the dispute engineered by Plekhanov's followers. Judging from what the young people have said, they are by no means hypocritical and sincerely wish to reconcile the agitated Social Democrats and the People's Willists."
Lavrov's distrust only grew. This August, in particular, coincided with the publication of Tikhomirov's pamphlet, "Why I Ceased to Be a Revolutionary." The Socialist Literature Fond's first crisis, ironically enough, coincided with Tikhomirov's "Preface" in March and his Conversion pamphlet in August. The Socialist Literature Fond continued to exist. Zasulich's controversial "Outline of the History of the International Workingmen's Association" was published by the Russian Social-Democratic Union in 1889, and the Socialist Literature Fond provided 214 francs in publishing funds. The Fond also offered to support the publication of Lavrov's translation of Marx's "The Eighteenth Brumel." But why did the Socialist Literature Fond continue to exist despite its divisions? The answer to this question cannot be given accurately until these historical documents are unearthed, but among the published materials.
Aksekrod's letter to Lavrov (dated August 16, 1888) is a useful reference.
'In their letter, representatives of young people brought up with prejudices against Social Democracy ask us to unite the revolutionary forces of writers in a joint struggle against a common enemy. The publication of Tikhomirov's pamphlet calling on these young people to

withdraw from all struggle is a stark example of the need for the 'consensus' spoken of in this letter in the circle of people's willists."
The letter from People's Will was dated July 10, but Akselrod received it on August 15. The reason for the delay is unclear, but it coincided with the publication of Tikhomirov's conversion pamphlet.
The Socialist Literature Foundation split into the "People's Will' faction and the "Liberation of Labor" faction in July 1888, but the "Liberation of Labor" faction itself, according to Axelrod, managed to prevent this split, He reportedly persuaded the young men of his faction to remain within the fondo.
"The only thing we managed to do for unity on our side was to prevent the Social Democratic elements of Fondon from splitting off into an independent "Social Democratic Fondon", something they were very keen to do a month and a half or two months ago."7)
Although the Fond split into various factions, it narrowly avoided collapse. The fund was not divided. The formation of a "Social Democratic Fond" had not yet occurred. When the Tikhomirov issue came to a head in August, Axelrod, using the unrest in the "Socialist Literature Fond" as an excuse, called on Lavrov to take joint action. Lavrov rejected the call. What was the significance of the "Socialist Literature Fond"? It was not merely a matter of publishing and distributing "Socialist Literature," but was expected to be an attempt to unite all socialists. A letter from the Bern branch reads as follows:
"We see the fund as a common unity undertaking for all Russian socialists, not only abroad but also in Russia, because we are convinced that in the future, if we can put the fund on a solid foundation, socialists will join it."
With such hopes and confidence, various circles of émigrés and students from around the country sent representatives to participate in the Socialist Literature Fond. However, as we have seen, the Socialist Literature Fond was inevitably heavily influenced by senior ideological leaders living abroad, such as Lavrov and Plekhanov. The young practical activists could not continue their activities independently of the authoritative ideologues. This was not limited to Blekhanov and Lavrov. Tikhomirov's conversion cast a shadow over the entire period from the founding of the Socialist Literature Fond to its split.
II. Tikhomirov's Conversion and the Socialist Literature Fond
18874-0 W. During the preparations for the Socialist Literature Fond, the People's Will Circle asked Tikhomirov for his cooperation, but he declined.
"It is good that you do what you consider to be useful, and indeed this publication is useful. But it is not a task to which I would like to devote myself, nor one to which I consider myself worthy. I confess that the more I think, observe and study, the more I find myself ultimately outside of any revolutionary faction, especially in the sense of their theoretical worldview."40)
On November 15, 1887, Tikhomirov sent the "Preface" to the second edition of "Russian politics and socialism" to Savin's printing press. (Four days before this declaration of conversion, on November 11. Srevtsova visited him with a letter of introduction from Lavrov.) However, he could not have said more to her than the above letter. On February 29, 1888, he received a copy of the "Preface" and immediately sent it to his former revolutionary comrades. In the "Preface," he emphasized the achievements of the enlightened bureaucracy of Tsarist Russia and made it his ideal.

"Tsar Nicholas: 'During your reign, the government undertook the reorganization of the state-owned peasantry. To executor his ideas, the Emperor chose an exceptional man, Count Kiselyev, one of the greatest national figures Russia has ever produced."
He also gave the following assessment of the achievements of the "autocracy":
'...What kind of cultural activity is possible under absolutism? Could there be a greater forgetfulness of one's own country's history than this cry? Wasn't Peter really the Tsar? Has there ever been a more widespread and rapid period of cultural activity in the history of the world?" is›
He also highly praised the progressive roles of Catherine II, Nicholas I, and Alexander II, and concluded that the tsarist government itself was a factor in progress, citing the brilliant development of Russian literature under the tsarist government as an example.
"...one can criticize [the critics of the tsarism] not only with Kiselyev and Milyutin, but with all those who contributed to the development of Russia. Are Pushkin, Gogol, and Tolstoy not proof that an absolute monarchy and great literary progress can coexist?"
He highly values the role of the tsarist government and the bureaucracy in history, and regards the terrorist struggle of the revolutionary parties as futile. The revolutionary factions began to protest against the conversion statement in the "Preface."
Former comrades, including M. H. Osyanina and H. C. Rusanov, published a pamphlet entitled "Revolution or Evolution?", and the Young Radicals, under the signature of the "People's Will Group," published a pamphlet entitled "On a Preface." Blekhanov published an article entitled "Inevitable Shifts" in the collection of essays in the Social Democrat.
The Socialist Literature Fond formed a special "committee" on the Tikhomirov issue, but took a wait-and-see approach, waiting for senior revolutionaries to speak out.
They wrote to Lavrov:
“We will not write anything to Tikhomirov at this time so we ask you and other revolutionary forces to speak first, lest he should be so skeptical as to immediately adopt a negative position. We will act on your advice, and if necessary, we will send him an official petition. However, it is too early to say anything about this until we know something important: how you will deal with the situation. All possible inconveniences will be eliminated by a committee specially set up for this purpose. Plekhanov, Akselrod and their associates seem to be sympathetic. Therefore, we would like to ask you for your first and final firm words and advice. Please do not refuse.
The letter was written in late March 1888, after Plekhanov had announced his refusal to allow Lavrov to enter the school and the Fond was holding meetings. Some of the Fond's delegates, like Paek, were plotting to assassinate Tikhomirov.
His former comrades in the People's Will Party, such as Osyanina and Rusanov, had difficulty criticizing Kiselyev's achievements in reform because they believed that the party's seizure of power would lead to political reforms that would change the country's economic structure. The difference was whether reforms should be carried out by revolutionaries who had seized power, or by the Tsar's enlightened bureaucracy. However, Lavrov, who himself had been a Tsarist official as an instructor at the Tsarist military academy, offered a harsh rebuttal to Tikhomirov's assessment of the Tsarist govemment as a protector of the tsarist regime and an enlightened bureaucracy. This rebuttal was a response to "Why Did I Stop Being a Revolutionary?*

"Our intelligentsia was unanimous in its support of autocracy during the reigns of Peter I and Catherine II. <...> Later they turned anti-establishment and finally raised the issue of revolution by a minority."
According to Lavrov, the 18th century absolute monarchy (which is how he describes the imperial regime) played a progressive role in Russia. However, after the French Revolution, this absolute monarchy turned reactionary.
All monarchs who tried to maintain autocratic rule became reactionary.
"The liberal Tsar Alexander, who called himself a 'happy exception,' turned the world into Arakcheev's tool towards the end of his reign."
Lavrov argued that no matter how liberal an emperor was, he was bound to become reactionary in the 19th century due to the inevitable nature of autocracy, and that this was the inevitable law of historical development. He then explained the phenomenon of the development of literature under autocratic rule as follows:
"He is right when he says that during the reign of Tsar Nicholas all the social ideas that Russian society still feeds on were developed. But what exactly were these ideas?' Anti-autocracy, anti-serfdom, anti-bureaucracy, anti-police, anti-social inertia..
"It was the very idea that A. A. Tikhomirov recommends we reject in the mature 19th century, because it deprives the government of the possibility of utilizing the power of the educated classes. Here, too, there is a fateful succession of stages that prepare each other; a fateful process of evolution that Russian evolutionists do not want to see. History as a whole shows that wherever there is a living force,' pathological conservatism gives rise to the inevitable growth of dissidents everywhere. And history as a whole shows how this
'living force,' depending on the circumstances, either wins reforms or is forced to resort to revolution."
Lavrov's counterargument was that a reactionary, autocratic government would generate anti-government ideas within itself, which would lead to change. This logic was in direct opposition to Tikhomirov's idea that positive, enlightened bureaucrats within the tsarist government would bring about progress.
On the other hand, Plekhanov's criticism, given the tragic fates of writers from Novikos to Radishchev to Dostoevsky, is that "our literature developed 'against' (voplekii)". autocracy, not "thanks to' (blagodarya) autocracy." He offers little analysis of Kiselev's achievements, stating, "In reality, Kiselev's reforms were nothing more than a failed attempt to transplant a tarnished, contradictory copy of the Inca economic systems into 19th-century Russia."
Tikhomirov's conversion confronted the revolutionary camp with issues such as the role of the tsarist government and the role of the bureaucracy, which had previously been overlooked as merely negative. The "Liberation of Labor" group tried to counter the influence of this conversion, and this effort was evident in its relationship with the "Socialist Literature Fond." No matter how dissatisfied they were with the Socialist Literature Fond, the "Liberation of Labor" group could not break away from it. This was because they felt strongly that it was necessary to keep young people interested in the revolutionary movement at least in the form of an organization like this. Plekhanov and others reported that the mood among young people in the country was becoming more one of pro-monarchy sentiment than revolutionary interest.
"Some young Russians, while supporting Tikhomirov's economic views, are beginning to embrace Tsarist or Kiselevian socialism."52)

Akselrod also warned that Tikhomirov's change of heart signified the growing power of the "royalist Narodniks," adding fuel to the spread of the Narodniks' idea of realizing peasant socialism through imperial rule.
"Having developed his old Narodnik ideals and then logically developed his new practical views from his own point of view, he embodied the entire group of peasant democrats in Russia. Remember, B. B. (Vorontsov), Bulgavin, Zlatovlatsky, and Khodyakov (Siet) must have had many sympathies with Tikhomirov. Two years ago, Plekhanov was already a young man who had been wandering around among the Narodnik literary circles. From the beginning of the year, I had to listen to the views of the royalist Narodniks.")
Akselrod was alarmed that young people were leaning towards royalists under the influence of Tikhomirov, and that they were joining mere liberals, so he reached out to Lavrov and proposed that they act together under the banner of "socialism." However, this call was very difficult for Lavrov to accept, as it called for him to join the "Contemporary Socialist Library" (the publishing organization of the "Liberation of Labor" organization).
The split in the Socialist Literature Fond was triggered by the conflict between the Labor Liberation League and Lavrov, but it coincided with the issue of Tikhomirov's conversion. This speaks to the strength of the influence of these ideologists. Young activists, including students studying abroad and young refugees, were divided in the midst of the conflict between these ideologists. Given the constraints of illegal activity, an authoritative ideology or ideologist who could guarantee the movement was absolutely necessary. It was inevitable that the Socialist Literature Fond would view Lavrov's authority as indispensable. However, this very fact became the cause of the split. It is a truly ironic situation.
The Socialist Literature Fond sought to unite revolutionary factions under the common banner of "socialism." In this sense, it deviated from the mainstream of the movement at the time.
This is because the prevailing view at the time, as seen by Klyabkonikoletsky, was to build a united front including liberals and revolutionary socialists under the immediate liberal goal of "constitutionalization." Dragomanov, Debagori Imokrievich, Burtsev, and Stebnyata Kravtinsky, among others, immediately began to promote "constitutionalism" in an effort to cooperate with liberals. In the 1990s, Plekhanov also joined this movement.
After the split, the members of the Socialist Literature Fond continued their activities and published the magazine The Socialist in 1889. I would like to introduce this in another article on another occasion. The Socialist magazine included not only Plekhanov and Akselrod, but also Lavrov. Apart from its acceptance of terrorism, its position was identical to that of the Labor Liberation League. The "People's Will faction of the Socialist Literature Fond, while moving as close as possible to social democracy, was unable to abandon terrorism. Brynshtein-Dembo, a central activist of the organization, died while testing a bomb intended to assassinate Alexander II on March 6, 1889.
Judging by their personal connections and ideological similarities, defectors from Alexander Ulyanov's "People's Will Terror Fraction" became the main organizers (dembo) of the "Socialist Literature Fond," from which the group publishing the magazine "Socialist" emerged.) This group of organizations shares a common thread: they are social democratic terrorists.

There are still many unknown aspects of the "Socialist Literature Fonds" introduced in this article, and the Khrukhikh materials have not been fully examined or explained. Since the author

has relied primarily on historical materials from the Lavrov archives, it is necessary to take into account the fact that the letters and documents were written with the constraint that they were addressed to Lavrov. While I believe I have provided many new facts, I have not necessarily provided sufficient meaning for these new facts. In that sense, this article is merely one attempt to introduce the "Socialist Literature Fonds."

Citations: (The numbers fucked themselves, so dont count on them being accurate. Check against the original for matching citations).

1) Norman M. Naimark, Terrorist and Social Democrats: The Russian Revolutionary Movement under Alexander III, Harvard Univ. Press, 1983, p. 3.
2) To date, there has been no detailed research on the "Socialist Literature Fond." Of the documents I have been able to refer to, the most detailed is G. C. Zhuykov's introduction: c. G. S. Zhuykov,
"Osvobogdenie Triuda." M., 1962, c. 101-102. Zhuykov's introduction, based on police documents, describes its participants as follows: "Among the members of the 'Socialist Literature Fond' that the police considered to be supporters of the 'Liberation of Labor' League were Yumatoveniv, O Govorukhin, M. Ginzburg, G. Gukovsky, M. Matthias, H. Srebutsyava, P. Soloveitchik, and Infantyev." The Young People's Willists Dembo, Gnatovsky, and many others sympathized with the work of the Liberation of Labor. Dembo, for example, was tasked with taking orders for the Liberation of Labor's publications. (ibid. c. 101)
After the collapse of the Fond, the Union of Russian Social Democrats Abroad was formed, and he wrote:
Introducing.
“After the split of the Socialist Literature Fund, the question of uniting the Social Democrats in a single union was actively discussed in revolutionary circles. The idea of founding a Union of Russian Social Democrats Abroad, as is clear from documents, was put forward by Soloveitchik in 1887. P.B. Akselrod asked Plekhanov to support this idea, citing the following reason: They (G.Z., sympathizers of the Liberation of Labor League) are people who have not graduated from revolutionary schools, and it would be more expedient for us to utilize these forces in this way now than to formally recruit them into the League.
Discussions on the founding of the League took place during the winter and culminated at the Mornay Conference in early summer 1888. During the course of the conference's work, important disagreements arose on the question of the future tasks of the League. Soloveitchik, Slepfova, and Krichevsky demanded that the League, which was being organized, be given control over the publications of the Labour Liberation League and the right to change their character..." (ibid., c. 102)
Unfortunately, this article was unable to use any documents to support Zhuikov's account. Perhaps because of the archives I have used, I am forced to give a rather different account of the process of the formation and division of the "Socialist Literature Fond." Since I have not seen the archives used by Zhuikov, I would like you to take my work at this stage as a one-sided introduction to some facts.
Furthermore, some previous sources list I. Dembo and H. Srevtsiv as central figures in this organization.

3. A. Gnatovsky, O. M. Govorukhin, H. A. Rudevich, etc. are mentioned. 243; B.
И. Невский, От "Земли и Воли" 35; Лавров-Годы эмиграции:
The most important members of the group were. Peter Boris Sapir; Dordrecht, 1974, 11)
August 1974, 71 August. However, the description of these core members requires further review.
330, 6. д. б. м. ЦГАОР, Ф. 1762, оп. 4, д. 330, лл. 35-42 об.
16 июля (1887 г.), ЦГАОР, Ф. 1762, оп. 4. д. 330, л. 7.
4) П. Л. Лавров, "Предисловие 2. М., 1965, с. 583.
5) Там же, с. 606-607.
The distinguished Polish scholar Walicki believes that the translator was Lenin's brother, Alexander Ulyanov, and states that "this translation was published in Switzerland with an interesting preface by Lavrov," a position shared by the Russian scholar Bolevoy. Walicki, Hinanida Shizuma and others,
"The Schiff-Capitalism Debate," Minerva Shobo, 1975, p. 210.
J. Z. Poleviy, a Russian poet from Russia: 1883-1894, Moscow, 1959. c. 315.
Another version is that of Knizhnitsa Vetrov, who attributes the translation to B. I. Reinstein.
6. М., 1965, с. 683-684.
A letter from H.H. Srevtsova indicates that this was a collective translation. Preface:
Письмо Н. Н. Слепцовой к П. Л. Лаврову, 16 июля 1887 г.... л. 7.
In addition, B. I. Reinstein of Knizhnitsa Vetrov was a delegate of the Socialist Literature Fond.
In my article "Alexander Ulyanov and the Terrorism of the People's Will Party," Saitama University Bulletin (Foreign Languages and Literature), Vol. 11, 1977, p. 143, I expressed doubts about Walicki's theory.
7) When Klyabkonikoletsky attempted to unite the revolutionary factions around the immediate goal of establishing a constitution, Lavrov's consistent refusal to cooperate with liberals, coupled with Tikhomirov's new ideology of "protecting the monarchy," led to a falling out. Plekhanov responded to this proposal by refusing to cooperate with liberals like Dragomanov. Given Plekhanov's theory of two-stage development, it would not have been unnatural to join forces with liberals in the struggle for a constitution. In fact, he did so during the 1891 famine. However, by 1888, he was no longer willing to unconditionally support the liberals.
He argued that the foundation of the Russian civil revolution lay in the organization and propaganda of workers.
According to Plekhanov, looking at the history of Germany and France, it was the working class, not the "educated class" or the "bourgeoisie," that directly fought in the "civil revolutions." In other words, al
"civil revolution" cannot be realized without the participation of workers.
"Let us imagine, in fact, that the 'obshetstovo' (educated classes) of St. Petersburg, inspired with revolutionary spirit, are building barricades, while the working class stands aside and ignores this movement. A handful of police, a handful of vigilantes, would be enough to tie up the representatives of the obshetstovo and throw them in jail. From this follows the inevitable conclusion: in order to secure a constitution, we must draw the working class into the struggle against absolutism and arouse in them sympathy for free political institutions. We have no other way, and there can be no other way." (Emphasis in original) (Sochial-Demokrat, kn. 1, 1888, c. 8)

Plekhanov criticizes liberals for ignoring the role of workers.
If this is the case, then a "civil revolution" is essentially a "workers' revolution."|
According to Plekhanov's logic, countries about to undergo a "civil revolution" will have no choice but to aim for a civil revolution" that is in line with the interests of the "workers." This is one of the main reasons why revolutions in developing countries do not stop at civil revolutions but instead move forward into revolutions with "socialist" overtones. Liberation from restrictive autocracy and liberation from economic exploitation by capitalists will proceed simultaneously. Plekhanov basically advocated a two-stage theory of revolution that anticipates a period of "capitalist maturity" after the overthrow of autocracy, but his logic, that is, that workers will be responsible for the "civil revolution," also leads to the position of a direct transition.
8) Письмо Н. Н. Слепцовой к П. Л. 330, лл. 2806.-31.
Социалистического Литературного Фонда"
9) Письмо М. Филиппео к П. Л. оп. 4, д. 452, ал. 1-106.
10) Письмо Ф. И. Дембо к П. Л. лл. 206.-6.
11) Письмо Н.
12. 4, д. 330, лл. 18-180б
13) Письмо от имени группы "Социалистического Литературного Фонда к П. Л. Лаврову, Цюрих, 23 марта (1888 г.). Подписи: Я. Бринштейн. С Ганелин. И. Соловейчик Слепцова, Р. Соловейчик, ЦГАОР, Ф. 1762, оп. 4, д. 532 л. 2.
14) Там же, л. 206.
15) Там же, лл. 2об.-3.
16) Там же, л. 4.
17) Письмо Н. Н. Слепцовой к П. Л.
1762, оп. 4, д. 330, л. 19.
18) Письмо Н. Н. Слепцовой к П. Л. Лаврову, оп. 4, д. 330, л, 31.
19) Письмо к П. Л. Лаврову. Май 1888 г., Подписи: Н. 1762, оп. 4, д.
330, лл. 22-2706.
20) Там же, л. 25.
21) Там же, лл. 25-26.
22) Письмо Н. Н. Слепцовой к П. Л. 330, л. 2906.
Основные положения Организации: "Социалистический Литературный Фонд",
ЦГАОР, ф. 1762, оп. 4, д. 452, л. 8. Литограф.
23) Письмо Н. Н. Слепцовой к П. Л.
24) Письмо Н. Н. Слепцовой к П. Л. Лаврову, б. д. б. м. лл. 40-4006.
25) Письмо М. Филиппео к П. Л. Лаврову, б. д. б. м.
26) Социалистичского Литературного Фонда", ЦГАОР, Ф. 1762, оп.
4, д. 452, 7.1
27) Письмо Н. Н. Слепцовой к П. Л. Лаврову. 1762, оп. 4, д. 350, л. 4806.
28) Plekhanov G. V. Plechanovo and P. B. Aksograda, M., 1925. c. 44. In a letter dated June 29, 1888, Plekhanov wrote: "The day before yesterday I received a letter from Prinstein, in which he asks me to help him conclude an agreement with his comrades regarding the publication fund [in Zurich]. The letter made a good and sincere impression on me."

29) In the summer of 1888, a joint conference of young social democratic activists and three members of the "Liberation of Labor' League was held in Mornay. Among the young activists were H. Sleipnya, Rashid, Hinsiki, S. M. Ingerman,
S. Ganelin, Gyokusiki, and P. Solov'ychik. The conference lasted two to three days and discussed the platform, rules, and line of action of the Social Democratic League. Soloveitchik and Sleptsiva emphasized the need for the "League" to control the "Liberation of Labor." The rationale was that the "Liberation of Labor" was too abstract and that its polemical attitude was hindering the work of the Social Democrats.
The "Liberation of Labor" rejected the proposal. Concerned about the possibility of such a proposal from the "Social Democrats' Union," the "Liberation of Labor" decided to keep a certain distance.
(CM. Perepiska G. V. Plechanovo and P. B. Aksograda, M., 1925, c. 29. Note 4)
30) Пелеписка Г. В. Плханова и П. Б. Аксельрода, М., 1925, с. 45-46.
31) In 1888, Plekhanov wrote to Peter I. Lavrov, 9 August 1888, in the journal of the Liberal Democratic Party, I. 1762, October 4, 1833, 1836: "If the People's Willists do not consent (to the publication of Zasulich), in my opinion, our supporters will have to withdraw from the Fund, considering it an organ hostile to the Social Democrats and
their publication." Переписка Г. В. Плеханова и П. Б.
1762, оп. 4, д. 350, л. 460б.
32) Там же, л. 48. Письмо Н. Н. Слепцовой к П. Л. Лаврову.
1888 г.)
33) Письмо к П.
34) V. Zasulich, the author of the Correspondence between Plekhanov and Akselrod, says that "the Zurich people considered B. M. Zasulich's booklet too Social-Democratic and so its publication was not carried out" (Plekhanov Г. V. Plekhanov c. 46). However, the back cover of Zasulich's booklet ... clearly states that it was funded by the fund. Ru.
35) Из архива П. Б. Аксельрода, Берлин, 1924. с. 34.
36) Лавров Годы эмиграции. Архивные материары в двух томах,
Ред. 11. 1974, с. 72.
37) Письмо Ф. Дембо к П. Л. Лаврову. л.3.
38) Regarding Tikhorov's conversion, see Abbott Gleason, "The Emigration and Apostasy of Lev Tikhomirov," Slavic Review, vol. 26, 1967, pp.
1762, оп. 16 июля 1887 г., ЦГАОР, Ф. 1762, оп.
39) Воспоминания Льва 1ихомирова, М.-Л., 1927, с. 209.
40) Л. А
41) Там же, с. 64.
42) Там же, с. 66.
43) Письмо Н.Слепцовой к П. Л. д. 330, л. 1606.
44) Воспоминания Льва Тихомирова, ... с. 225.
45) П. Женева, (1888), с. 17.
46) Там же, с. 16.
47) Там же, с. 16-17.
48) Г. В. 1, М., 1956, с. 398-399,
49) G. V. Plechanovi, "A beautiful poet", Society of Russian Literature, Vol. 1,

1888, c. 113. Slepkova echoes this reaction as follows:
"As far as I know, many of the Zurich groups refused to sign the paper that the Liberation League faction put out for signatures, because the article "Inevitable Conversion' seemed so offensive to them that they openly said that, judging by it, Plekhanov's reply to Tikhomirov was worse than Tikhomirov's confession itself."
ЦГАОР, ф. 1762, оп. 4, д. 330, л. 50б.
Г. В. Плеханов, "Неизбежный переворот," .... с. 117.
Лавров - Годы эмиграции ... т. II, с. 73.
50) L. Freiferid's memoirs state that C. M. Ginzburg, together with Dembo, formed the group "People's Will Abroad" and received the support of Lavrov.
We learned everything from C. M. Ginzburg. We deliberately joined forces with P.L. Lavrov. Wide prospects opened up before us for the revival of the People's Will Party and the struggle against the Specialists.
We now had the moral right to call everyone into our ranks." L. Freyalf "The Saviour of the People's Will' (Sevier Press, 1924), Katerga and Scilkak, kn. 12, 1924, c. 263.
To be recognized by Lavrov was tantamount to receiving the endorsement of being a true leader of the revolutionary movement. Freyferid testified that the group was the center of a "militant group" and had Lavrov as its "chief (raana)."
"The Central Combat Group existed abroad, headed by Lavrov. It consisted of veteran People's Willists - Chubrov, Kasintsev, Solovtsov, and members of the 'Proletariat' League, such as Mendelson, Dembo, Demsky, and others." (Tamm Ze, c. 263) The group of Dembo and others existed as the "Central Combat Group," headed by Lavrov.
This does not seem to be very reliable. Perhaps the appointment of Lavrov as "head" of the "Socialist Literature Fond" organization created the illusion among domestic revolutionary activists that Lavrov was providing support for all of Dembo's and his group's activities.
51) According to E. Stepanov's recollections, among Russian students studying in Paris around 1888-89, there was a feeling that making bombs was a revolutionary duty before returning home.
"The staff included veteran People's Willists and Social Democrats. There were, in any case, people with strong Social Democratic leanings. But we all recognized that the conditions for the revolutionary movement in Russia made the application of terrorist tactics inevitable.
Therefore, when the question of our retum to Russia loomed, the question naturally arose of technically preparing ourselves for terrorism, since it was clear to us that it would be much easier and more convenient to carry out preparations abroad than in Russia." E. Stépanov, "The most important thing in the history of the Russian Revolution is to make a living from terrorism," Katerga and Sciluca, 24 February 1926, pp. 123-124.
Stepanov lists his fellow bomb-making associates in Bali as Purtsev, Lavrenius, Kasintsev, S. Reinstein, O., Rappoport, and the spy Landesen. Most of them frequented Lavrov's apartment. Thanks to Landesen, the entire bomb-making ring was eventually arrested and destroyed. Rappoport was arrested while infiltrating Russia.
52) An obituary for Denbobrinstein was published in the Journal No. 1, 1889, on page 39.

Konrad Haenisch (Parvus: A Page of Rememberence, 1925)

Parvus von Konrad Haenisch

Parvus
A page of Rememberance
By Konrad Haenisch

1925
Berlin Sw 68
Verlag Fürstenberg Sozialwissenschaft

FOREWORD
An excess of official and political work made it impossible for the person writing this to speak for his deceased friend at the funeral. The same reasons also prevent him from doing the deceased justice in the following pages as he deserved. These pages therefore in no way claim to be taken even as an attempt at a biographical sketch, even if they may perhaps contribute one or two building blocks for a later biography. They intend to be nothing more than the simple token of gratitude from a man who is proud that for three decades he was able to call himself a friend of the now deceased, who learned invaluable things from him, and who wishes to have nothing in common with the far too many who believed they could dismiss the passing of this incomparable stimulator of minds, this bold revolutionary of thought, in their newspapers with fewer lines than they usually devote to the latest robbery-murder or the latest marital scandal
Of the hundred or more socialist newspapers in Germany, as far as I could determine, only two commemorated the dead man in a dignified manner: the papers in Dresden and Munich. The other hundred remained silent in a hundred languages. And yet among them are many in whose columns the living man once spoke fiery words to the workers week after week.
But I don't want to be unfair: ingratitude is not the motive force behind their omissions in all of these papers. Many of them today employ a young generation of editors to whom the name Parvus means little anymore. And so May this unpretentious page of remembrance not only be dedicated to the older ones among us, who fought side by side with Parvus for a generation, but above all, may it be placed in the hands of the rising generation of young socialists who have barely heard of Parvus and his era, into the hands of those whose ears have scarcely ever heard the names of socialism's great dead—the name of Wilhelm Liebknecht as little as the name of Parvus. I am thinking of the new generation of social democrats who strive to become not only adherents of the socialist program, but socialist men, and who must never forget that among the noblest virtues of socialist man is gratitude. Gratitude to those pioneers and scouts who, with the sword of thought and the axe of will, made the first breaches in the wall of dullness and stupidity—that strongest protective barrier of the old age against the new.

Certainly, you young socialists are fighting today on new ground and under new conditions. But the struggle itself that you are fighting is still the old struggle, the good fight for great causes of humanity. Today, as ever, this struggle demands a cool head and a hot heart, clarity of thought and passion of will, prudence and boldness. Virtues that have rarely flowed together in such harmonious unity as in the man to whose memory these simple pages are dedicated and whose name will live as long as there are men and a great purpose.

Wiesbaden, Christmas 1924

Konrad Haenisch

1)

WHO was Parvus? "An unpleasant phenomenon," succinctly states the leading and rightly highly respected newspaper of the southwest German democracy, believing it has thus found the last word about the dead man. "A racketeer and war profiteer," snarl the right-wing organs. "A criminal Eastern Jew," rants some newspaper of the pious in the country. "A very talented and well-informed writer," is all most Social Democratic newspapers have to say. In truth, Parvus, whose character, so confused by the favor and hatred of the parties, wavers in the judgment, if not of history, then at least of his contemporaries—in truth, this man was the strongest mind of the Second International, the International from 1889 to 1914. He was its strongest mind, just as Bebel was its most fiery prophet, Jaurès its outstanding politician, Mehring its finest publicist, and Kautsky its most learned. Man was. Perhaps one could place the one, Rosa Luxemburg, at the side of the dead woman. But what distinguished Parvus from this pure and noble martyr of the proletariat was that his thinking was far less abstract than hers, that his brain drew its best strength far more than hers from the world of reality.

And primarily from the world of German reality. However many and strong the ties of shared struggles, shared persecutions, shared victories, however firm the chains of personal friendship might have connected Rosa Luxemburg with German Social Democracy, the true home of her soul and spirit—this is not meant as a reproach—always remained Poland and the Polish workers' movement. Quite different with Parvus. This son of southern Russia, who as a revolutionary refugee had once sat at the feet of the German economist Karl Bücher in Basel in his youth, was saturated with German culture, and just as he spoke and wrote German no less fluently than his native language, he was accustomed—he often told me—to thinking in German as well. The admonition Lassalle once shouted to Karl Marx: "Never forget that you are a German revolutionary!" would have been misplaced with Parvus, for despite all the strength of his international feeling and will, he himself never doubted for a moment that the deepest fibers of his creativity were rooted in the soil of the German workers' movement, that he was first and foremost a German Social Democrat, a German revolutionary. Seen in this light, the Russian Parvus presents a quite unique phenomenon. This does not change the fact that in the depths of his being there were many Slavic influences that had a strange touch and could, at least for a moment, create a gap between Parvus and even those of his German friends who were closest to him.

2)

I first met this German revolutionary around the mid-1890s. If I remember, it was in the summer of 1895 in - Leipzig. the then widely famous "Thuringer Hof" beer hall in At that time, the fierce battles still familiar to the older comrades were raging within the party over the agrarian program—a draft that the Agrarian Commission appointed by the Frankfurt Party Congress in 1894 had presented to the party members for discussion, and on which a decision was to be made at the Breslau Party Congress in 1895 Bruno Schönlank, who had recently founded the "Leipziger Volkszeitung," although he himself was one of the fathers of the draft, made the space of his paper available to Parvus, whom he highly valued and often compared to the young Marx in his tireless eagerness to learn and his productivity, for a major attack on the agrarian program-an attack that raged in a dozen or more dashing editorials. And in the "Thüringer Hof," the battle between Schönlank and Parvus continued.

Incidentally, what Parvus wrote at that time was undoubtedly the best and wisest thing that had ever been said against the agrarian program. Against Schönlank, Vollmar, David, and also against August Bebel, Parvus denied the possibility of making Social Democracy, as the party of the industrial and (at that time, admittedly, was more hope than reality!) agricultural proletariat, simultaneously a party of the middle and small peasantry. Certainly, we look at many things with different eyes today than we did 30 years ago, and especially Parvus, the relentless revolutionary critic even of his own development, would certainly be the last person to insist today on every one of his arguments from 1895. But, hand on heart: hasn't the development of these three decades ultimately proven him more right than Schönlank, Vollmar, and David, however compelling their arguments may have sounded at the time?

A year before these battles, the name Parvus had already become known in wider party circles through our friend's very strong stance against the budget approval by the Bavarian party comrades, a question that, in 1894, in Frankfurt, vividly agitated the minds of our comrades for the first, but, alas, by no means the last, time. At that time, there was much speculation in the party as to who might be hiding behind this strange nom de guerre Parvus (The Little One), which, as far as I remember, first appeared in those days in the "Neue Zeit" newspaper. One person guessed Bebel, another, strangely enough, Fritz Kunert. That a young Russian intellectual in his mid-twenties was behind it, only a few insiders knew

Just as little did the public suspect that from the pen of this same young Gypsy, who nevertheless never immersed himself in Gypsy life, came those anonymously published essays on Russian affairs that had appeared in 1891 and 1892, partly in the "Vorwärts" and partly in the "Berliner Volkstribüne," the organ of the radical wing of the Berlin Social Democrats, and which, due to their astonishing expertise, had aroused both general and justified attention

Around that time, in the first half of the 1990s, Parvus lived partly in Stuttgart, partly in Berlin, and sometimes in Zurich. He later told me that he was often so miserable at that time that he couldn't afford the postage for his articles. More than once, he had to walk the long way from his student flat in the far north of Berlin to Beuthstrasse, where the

"Vorwärts" newspaper was then published, and to the even further away Katzbachstrasse, where a high-ranking party executive was enthroned, because it was too little for the tram and even six for the bus was no longer enough, even with the best will in the world. And apart from the brief interlude of his publishing career in Munich, things only very rarely went much better for

Parvus until the beginning of the war. I still possess dozens of letters and cards in his characteristic handwriting from my years as an editor, letters in which Parvus repeatedly sounds the alarm about a few marks in advance for articles that had been accepted but not yet printed When he lived in my house in Dortmund as Peter Klein in the winter of 1906/07 after his escape from Siberia, he had little more than the shirt on his back. And even in Constantinople, shortly before the war, he often lacked the money to eat his fill and have his boots resoled. Only those who know all this can understand the hunger for life that, after thirty or more miserable years of an unsettled refugee existence, seizes the constantly hunted man when, overnight, he acquires a fortune that, as he feels it, suddenly places all the treasures of the world at his feet.

3)

The second time I saw Parvus was in 1896 or 1897 in Dresden, where had come from Leipzig for a few meetings. At that time, Parvus headed the Sächsische Arbeiterzeitung, succeeding Georg Gradnauer, who had been appointed to the "Vorwärts" and only returned to Dresden ten years later. The paper fought under his leadership in the struggles against revisionism on the extreme left wing of Social Democracy, which were just beginning in 1897. And the essays-what am I saying: the almost endless series of essays that Parvus, at the helm of his newspaper at that time, breathlessly and without pause sent out into the socialist — world against Schippel and Bernstein, against David, and also against Auer-found a loud echo throughout Germany
Of course, it was certainly not pure pleasure to fall under the fists of the little man, or even the fat man, as Rosa Luxemburg called him (Karl Kautsky's children, with instinctive plasticity, used to call him the elephant). When it came to the socialist idea and its purity, when it came to the class interests of the proletariat, Parvus was of the utmost relentlessness.
Often, to put it bluntly, of boundless injustice. With cruelly sharp psychology, he dissected his victims and did not rest until he had peeled out the deepest entrails of their political being. But never did petty motives, personal revenge, or wounded vanity, determine his actions.
Like Marx or the Luxemburgs, who likewise often seemed to revel in the wildest cruelty in their polemics, he was always driven by the cause, and the cause alone
Even in these internal party struggles, Parvus, unlike Luxemburg, was never a man of pale abstraction. His essays were always underpinned by irrefutable evidence of economic and social facts. The figures from German occupational and trade censuses, import and export data, the results of American cotton and Russian rye harvests, and the phenomena of the international agricultural crisis were just as indispensable tools for him as, for example, the details of women's and child labor revealed by German factory inspectors. This sense of fact enabled Parvus to provide valuable inspiration not only for the theory but also for the practice of the labor movement. Indeed, for him, theory and practice were never separate concepts! For him, a theory that is not constantly regenerated by living reality was as absurd as a practice that, without the guiding star of clear theoretical insight, gropes through the labyrinth of phenomena and is unable to see beyond the day. Thus, to pick just one example, Parvus was the first, in contrast to many of his radically minded friends, even in contrast to August Bebel, to recognize the growing importance of trade unions as early as the mid-1990s and to defend their independent right to exist, even in a very spirited pamphlet. While those in the trade unions wanted to see little more than "recruit schools" for the party, Parvus already characterized them

with great sharpness as the typical organizational form of the proletariat and as the strongest lever of its class struggle. Parvus was also among the first pioneers of the cooperative idea in the ranks of the German working class, just as he, on the other hand, already at that time in 1896, clearly recognized the importance that the mass strike would one day have as a means of political struggle for the working class. It hardly needs to be said that he drew a broad line between his conception of the mass strike and that of the anarchists who, They did not see it as an equally effective weapon of the proletariat at a time of greatest intensification of class antagonisms, but believed they had discovered in it the miracle cure that, as if by magic, would burst open the gates to the socialist paradise. Such an unhistorical conception of the general strike was, of course, nothing other than general nonsense for Parvus as well.
I have already indicated that in the days when Parvus headed it, the "Sächsische Arbeiterzeitung" was, alongside the " Leipziger Volkszeitung," the most widely respected newspaper of the German Social Democrats. Purely journalistically, in terms of versatility and presentation, the "Leipziger Volkszeitung" was undoubtedly far better.
Its director, the all too early deceased Bruno Schönlank, was a genius of journalism and newspaper technology, the likes of which the German Social Democrats have never produced before This master of the concise editorial and the sharply cut entrefillet often found his blood boiling when he encountered, in an issue of his neighboring Saxon paper, yet another three or four party-political articles written by Parvus, racing through columns and entire pages. And when it even published the famous series of ten, twelve, or even more serialized editorials on the same topic, this born newspaperman would wring his nervous hands and groan: "But what Parvus is writing is just another pamphlet!" Kurt Eisner, Friedrich Stampfer, and other of our capable daily journalists, who were just beginning to earn their spurs at the time, may have cursed similarly. And yet, in terms of socialist urgency, sharpness of socialist insight, and fervor of socialist will, the "Sächsische Arbeiterzeitung" of those days was never equaled, let alone surpassed, before or since. And many still owe the best of their socialist education to what Parvus wrote in the columns of the "Sächsische Arbeiterzeitung" (Saxon Workers' Newspaper). Like many other young socialists, I too could hardly wait for the hour when the postman would bring me the paper.

I devoured every Parvus article with Hermann Duncker (now a traveling communist speaker!), Walter Classen (he later switched to the far right, but should not be confused with the nationalist pastor of the same name in Hamburg!), and Alfred Neu, our Saxon Minister of Justice from last year, and we spent entire nights debating the pros and cons in the old Café Peter Büchel (it has long since ceased to exist!). And often enough, on the way home, the heated debate continued back and forth, back and forth! As a young badger, I championed the already highly controversial Parvus so zealously, both verbally and in writing, that the party adopted the nickname Parvulus (it comes from the equally gifted Swabian Gustav Jaeckh, who died much too early and who, a brother of - Ernst Jaeckh, later served for many years as the leading figure of the "Leipziger Volkszeitung" and to whom the party owes a very effective piece of work on the International Workers' Association). I liked to bear the name Parvulus, and in my dealings with Parvus, it was often used until recent years, in remembrance of old-should I say, better?—times. Parvus was in his prime, and those were those years in Dresden, a man of quite unusual work capacity, sustained by iron health. It didn't bother him at all, after a night of working all night, or

perhaps even lazing all night!, to quickly step under an ice-cold shower and then, -As an editor, without a minute's sleep, sit down at his desk for new work. Many a valuable and extensive piece of writing from his pen was produced in two or three weeks

4)

This heyday of Parvus's creativity, came to an abrupt end in the summer of 1898 when he was expelled from Saxony the as a "troublesome foreigner." A few years earlier, in 1893, he had been expelled from Prussia, which began his Dresden period, and after his expulsion from Dresden, had just settled in Gera, he was expelled from the principalities of Reuss, and soon also from the other Thuringian states and from a number of other fatherlands. In the midst of this restless refugee existence, a son was born to him and his companion at that time, a talented Russian revolutionary who, like him, was also a writer. He named him Lazarus. A second son, a few years later, saw the very subdued light of this world in the cell of a Russian dungeon

Parvus was accompanied by his old friend and comrade-in-arms, the Polish socialist Marchlewsky, from Dresden-better known within the contributed valiantly - party by his expelled pen name Karski. He, too, had to the "Sächsische Arbeiterzeitung" during those years, while also enriching the party's agitation literature with several polemics of temperament and substance. During the war, Marchlewsky, unlike Parvus, joined the Bolsheviks and, after the revolution, was also active in the ranks of the German Communist Party as a writer and agitator. Incidentally, the expulsion did not in any way prevent the two from appearing from time to time among the Dresden party comrades in the following years. From the time when I myself had been with Georg Ledebour and Emil Eichhorn, the later Spartacist Police President of Berlin, who worked on the Dresden party newspaper, from the years 1899 and 1900, I remember particularly clearly a festive evening when both of them suddenly appeared among us with slightly different beards, and probably also somewhat disguised Marchlewsky delighted us with wild Polish national dances, but Parvus was full of ranting about the Saxon police who had happily been duped once again.

Even in Berlin, despite his expulsion, Parvus appeared frequently on the Mostly, things went well; carefree and reckless — scene several times. as he was, he fell into the hands of the persecutors and had to spend a few days in prison for "breaking the ban," only to be deported again. I still vividly remember a walk we took together during one of his Berlin jaunts in the spring of 1908. While I was by no means feeling entirely well out of concern for him, Parvus made a sport of picking out the physiognomies of criminal investigators among passersby and was happy like a cocky boy that none of the spies recognized him

When I try to recall today on which occasion Parvus made the strongest impression on me, a scene from the Stuttgart Party Congress in the autumn of 1898 comes vividly to mind. Parvus, who was strongly attacked by the revisionists, was given the floor to make a statement, even though he was not among the delegates. If my memory serves me correctly (I do not have the Stuttgart minutes at hand), he objected to a remark by Vollmar that the Paris Commune fighters might have done better, in the interests of the proletariat, to sleep than to proclaim the Commune and thereby bring about the horrific bloodbath among the Parisian workers that the May Days brought. Regardless of whether what Parvus said against this statement was

historically correct or not: the impression of the man trembling with anger, standing to the side of the speaker's platform and holding with his right hand an enormous red flag decorating the podium The sight he held captivated not only young hotheads like me. I remember Klara Zetkin whispering to me that she, too, would never forget that sight. At that time, remembering some Bible verse, a sentence formed in my mind that kept coming back to me for many years whenever I thought of Parvus: "Behold, a true revolutionary, in whom there is no deceit!"

5)

After all, apart from Württemberg and Bavaria - the Bavaria— of 1900 was not yet the Bavaria of 1924! - there was hardly a German state left in which Parvus could have lived undisturbed. So, after much back and forth, which temporarily took him back to Switzerland, and which also took him to the Paris World Exhibition of 1900 as a correspondent for the socialist press, he settled in Munich and published a brilliant editorial correspondence for the German workers' papers. At the same time, he enriched the party's daily newspapers and magazines with many literary contributions. For in this man, who was simultaneously an ardent revolutionary and a sober economist, there also lived a soul thirsting for beauty and knowledgeable about it, and many subtle book reviews and many an essay on purely aesthetic subjects have flowed from this tireless pen.

Without this literary side of his being, the founding of the "Publishing House of Russian Authors," which Parvus founded together with Marchlewsky in Munich at the beginning of the century, would probably not have happened. Even more strongly, however, he may have been driven by the desire to finally give his life a secure economic foundation after so many years of an unsettled vagabond existence His life, that is, his socialist work! For a life without this work would have had no value for Parvus. Even then, his dream was the founding of a grand-scale socialist journal, which, he hoped, would enable his knowledge and desire to express themselves in a completely different way, and give his political work a much wider resonance create than daily newspapers and editorials, whose narrow framework his wild temperament had long since burst beyond anyway.
It was the merit of that Munich publishing house to have made more than one Russian and Polish poet of renown known in Germany. First and foremost, Maxim Gorky, until then virtually unknown to Germans, must be mentioned here; his "Night Asylum" was brought out by the publishing house. Parvus was also not without a strong influence on the epoch-making first performance of "Night Asylum" by Max Reinhardt.

May a word of defense for the dead man be inserted here? For many years now, rumors have been circulating within the party, and have occasionally even reached the opponents' press, that Gorky was "cheated" by Parvus at the time. In this regard, it should be said: In business matters, too, Parvus was, if I may say so, extraordinarily "generous." Even during the war, when his business ventures were running into the millions, into the gold millions, he often said to me: "My only ledger is my head!" At most, he supported this "ledger" once with a fleeting note in his pocket diary. Only later did he place capable managers in the companies he had created, who were to run the business according to commercial principles.

However, as far as the period twenty years ago is concerned, it is quite plausible that strong differences of opinion occasionally arose between Parvus and his authors; this may be especially true in the Gorky case, where such complicated matters as the right to distribute works abroad, domestic and foreign performance royalties and similar things played a role. In addition, Parvus left the publishing house abruptly at the outbreak of the Russian Revolution in 1905 (this will be discussed shortly), and the company therefore ran into business difficulties. In any case, Parvus was of the opinion until the very end that Gorky had made a very good deal with the later settlement. But be that as it may: that Parvus deliberately "cheated" the Russian poet and socialist, whom he greatly esteemed, is so absurd that it is beyond any possibility of discussion.

Incidentally, Gorky himself made a public statement on the matter in October 1915, a decade later. Since I suspect that this statement, published in a Russian newspaper, the "Birzhevyja Vjedomosti," was not even known in the raging war in Germany, I will reproduce its crucial sentences here. Gorky states: "Concerning the publication of my works in German and Parvus's involvement in the publishing house, various newspapers have published inaccurate information. Indeed, it seems to me that much of the newspaper reports about Parvus and his activities is misrepresented." This clearly shows that even if Gorky initially truly believed he had been taken advantage of by Parvus, he later no longer maintained this opinion.
The Munich years also saw the daring feat of a research trip undertaken jointly with the now deceased socialist physician Dr. Lehmann by the political criminal, who was feverishly sought by the entire Russian secret police, right through the Tsarist Empire. The fruit of this trip was the extremely valuable monograph: "Starving Russia." A work in which scientific thoroughness and ardent human compassion create a beautiful harmony. Long afterward, Parvus used to recount with a smile the countless adventures of this Russian journey, with all its accessories of false passports, disguises, etc.
I myself remember only one visit to Parvus from these Munich years in 1900 during which he introduced me not only to his friends Louis Cohn, probably the last living member of the International Workingmen's Association, and Adolf Müller, the long-time editor of the "Münchener Post," a Bavarian state parliament member and current German ambassador to Switzerland, but also to the champion of Bavarian particularism, the then widely famous Mr. Siegel. The new generation probably knows hardly anything about this eccentric, original Bavarian, whose "Vaterland" could easily bear comparison with today's "Miesbacher Anzeiger" in terms of its natural tone; however, in terms of wit, the strange little quarto paper, despite the narrowness of its political views, far surpassed the organ of today's Hitlerites. Parvus, as with all originals, took unbridled delight in the foolish eccentric Siegel and said to me: "You absolutely have to get to know him!" We spent a highly entertaining evening in one of Munich's cellars with this eccentric, uninspired fellow, who simply didn't enjoy his beer unless he could consume at least one of these maleficent Prussians with it.

6)

AUTUMN 1905. I'm sitting with Paul Lensch in the editorial office of the "Leipziger Volkszeitung," and we're eagerly discussing the dispatches that have just arrived from Russia, indicating an ever-increasing swell of the revolutionary movement. Suddenly, the door is violently flung open, and Parvus rages in. Ignoring the strict ban on staying in Leipzig that, of course, is still imposed on him. His large eyes are burning, and with mighty strides he — runs back and forth in the small room. "Is that you in the flesh? Where from? Where to?" "From Munich, of course! Route: Direct to Petersburg. Finally, the time has come. The beast is down!" "Is it really already down? Is it really already that far? Can you already safely..." A withering look from the giant gray eyes and a contemptuous shrug of the shoulders are the only response to such bourgeois cowardice. "The travel money?" "Advance on a book I'll write about my experiences. And I'll experience something, you can count on it!"
"And the publisher?" "The devil take the publisher! What do I care - about that stupid publisher? Let Marchlewsky see how he deals with it. Now it's revolution, my dear!" And his heavy fist shakes me back and forth. Oh yes, poor Marchlewsky had to see how he dealt with the "Publisher of Russian Authors" for better or for worse! In response to the alarm news from Russia, Parvus in Munich had left everything as it was. What he, who had worked with all his might for decades to prepare the Russian Revolution, could anyone expect him to sit idly in his quiet publishing office, now that this eagerly awaited revolution was finally here? And so the conscientious friend, who was also drawn to the revolutionary struggle with every fiber of his being, who had also packed up his Munich tents behind him sooner rather than later, had to stay on and sweat a lot of blood before all the — the Isar for many months business was even reasonably well settled.

From that time on, there was a deep resentment between the two old friends that was never reconciled. For Parvus, the splendid Marchlewsky had suddenly become a shopkeeper who, even in great times, could only think of small things; Marchlewsky, however, now saw in Parvus the unscrupulous adventurer who lightheartedly tore through binding obligations when it came to following the passionate urge of his heart. The bitterest accusations have been made against Parvus for these events, which are closely connected with the Gorky affair mentioned above. Even today, does no one want to understand that they are just as unjust as what he himself may have once said in anger against Marchlewsky, his old friend? As for him, so too for Parvus, in the stormy year of 1905, the saying applied: He could not do otherwise! When will we finally learn to understand people from their nature?

It would go far beyond the scope of this memoir were I to even sketch out Parvus's Russian experiences from the end of 1905 to the end of 1906. Far more freshly and vividly than I could, since I could only repeat his own stories, Parvus himself told us about those hot days in his magnificent book, "In the Russian Bastille During the Revolution." The Russian Bastille was the well-known St. Peter and Paul Fortress, the widely infamous place where Tsarism had martyred the noblest and best of the Russian people for many decades. There, among many others, Parvus had been imprisoned after the Moscow January Uprising was crushed in blood and the Petersburg Workers' Council, founded and led by Parvus, was dispersed. Nine months of imprisonment, sentenced to Siberian exile. Together with Trotsky and Leo Deutsch, who had languished in Siberia for sixteen years, half a lifetime-such was the life of a Russian

revolutionary during the Tsarist era-and who had escaped from the Tsar's dungeons and torture chambers a total of six times. Now, having been drawn from Swiss asylum to Russia by the first crow of the October Revolution, he once again had to embark on the martyr's path to the katorga. The picture accompanying this booklet shows the three men, whose lives would later diverge so widely, on their way east.
After the conviction, his German friends heard nothing from Parvus for a long, long time. Suddenly, a dark rumor: after many weeks of transport by train and boat, Parvus had escaped his pursuers. What had become of him? Was he rescued? Recaptured? Was he even shot? No one suspected it. Missing?

7)

The wandering existence of a Social Democratic journalist of the old days had taken me from Leipzig to Mannheim-Ludwigshafen, from there to Dresden, from Dresden to Dortmund, then back to Leipzig, and finally back to Dortmund. Here I sat, in mid-December 1906, feverishly working at my editorial desk. Quite unexpectedly, the Reichstag had just been dissolved, and now it was necessary to hastily build up the journalistic and propaganda apparatus for one of the most heated election campaigns that the German Social Democrats had ever had to fight. Given the incompleteness of the party organization at the time and the lack of suitable personnel in the vast industrial district of the Ruhr, this was no easy task. Then suddenly this letter was placed on my desk: [A copy of this letter was included in the book]

Dear Haenisch!
I will call on you in the next few days. If you receive any letters for Peter Klein, that is for me. So, goodbye! But please, "discretion is a matter of honor."
With kind regards,
Yours, Peter

The handwriting was obviously fake, but it seemed familiar to me, and soon I no longer doubted that the mysterious Klein was none other than Parvus, whom I had assumed to be, God knows where, in wintry Siberia. And sure enough: the next day he was back again, completely his old self. The hardships of the revolution, the Peter and Paul Fortress, and the Siberian transport, the excitement of the escape: none of this seemed to have affected him in the slightest. And this escape had not been lacking in adventures of all kinds. Foolhardy and full of high spirits as always, Parvus had once again gone straight into the cave of the beast.

He had gone into Leuven, to Moscow and Petersburg, and everywhere he had sought and found new connections with the remnant of those few comrades who hadn't been shot or imprisoned, completely scattered by the counter-revolution. I asked him how he had survived it all. "Pah-nothing worth mentioning. But I'm proud that I didn't let a single day go by, whether in prison, on the transport, or on the run, without working hard for the party!" Indeed, a thick bag full of manuscripts was just about the only thing Parvus had — saved from Siberia, and it was far more valuable to him than other, more "useful" things.

And now he was running around my cramped Dortmund editorial office, as far as that was possible, asking how and where he could best lend a hand. For he hadn't come to recover from the exertions of this last great year (December Dortmund would have been the least suitable for that!), but to throw himself with full force into the German election campaign.
Things will be hottest here in your industrial district, which is why, dear Haenisch, I've come to you—not just because of our old friendship.
What could have been more convenient for me than the offer of this help?
As best as possible, Peter Klein was quartered in my apartment; only a few leading party comrades, like my old friend Max König, the current district president of Arnsberg, were let in on the secret. And although Parvus once again ignored every warning to be cautious, everything went well for the entire six or eight weeks of his stay with us. And that was fortunate. For if Parvus had fallen into the hands of the Prussian police again this time, it certainly would not have been enough for a few days in prison for 'breaking the ban'. After all, just under a year earlier, two Russian socialists had been handed over to the Tsar's executioners by the Prussian government, and on this occasion, Prince Bülow had answered the protests of socialist Germany with that impudent speech in which he declared further war on the Russian "scroungers and conspirators." After the role Parvus had played in the last year, "Father's" government would certainly not have failed to demand his extradition, even without a Prussian hint.
I suggested to Parvus that he place all his energy at the disposal of the Dortmund party newspaper for the duration of the election campaign. He agreed, but first wanted to produce an extensive propaganda publication, far from the hustle and bustle of the election campaign, and therefore withdrew for a week or two somewhere near Düsseldorf. Of his letters from that time, I reproduce the following, which characterizes the tireless worker Parvus:

Dear friend!
The requested articles will be in your possession by Monday morning at the latest. Perhaps I will come over myself on Saturday to discuss things with you. I will finish my pamphlet tomorrow. It is entitled "The Reichstag Elections and the Working Class" and is divided into the following sections: 1. The Center Party as a Government Party and the Dissolution of the Reichstag. 2. The Capitalist Drive for the Colonies. 3. Germany's Trade Policy and American Competition. 4. The Reich's Foreign Policy. 5. Inflation. 6. Workers' Policy and the Class Organization of the German Proletariat.
As you correctly guessed, the work took up all my time, as I wrote two full sheets in one week. It would probably be best if I accepted the suggestion of the Dortmund comrades and allowed myself to be harnessed to the editorial team for the election period. I can only be active in literary matters, while the others will then have more opportunities to appear in public. But we'll discuss that later. With warmest regards to you and the Dortmunders, your Parvus.

During those weeks of shared work and domesticity in Dortmund, we also became very close on a personal level. Above all, I learned to know and appreciate this relentless revolutionary's great love for children. Being able to bring my little one a toy was practically a celebration for him. The

following letter from July 1907, which is also characteristic of him in other ways, shows that Parvus also enjoyed thinking back to the Dortmund weeks:

Dear Haenisch!
I have so far failed to reply to your friendly letter because I am one of those who find it difficult to write letters. I don't understand the art of letter writing; for me, it easily turns into a treatise. I have now finished the second edition of my brochure, which will be published on July 10. I am very curious to hear what you have to say about it. I am sending you the poster sheets.
I have fond memories of all of you, especially your wife and your mother-in-law, to whom I am very indebted. Being the migratory bird hat I am, I will certainly often think of your house, where I felt so comfortable.
With warm, friendly greetings
Your Parvus

After the Dortmund election campaign, in which Ernst Heilmann, ruberrimus, the reddest of all, as he called himself back then, had joined us as the third member of the group, Parvus went to Lake Garda for two weeks with the proceeds from his election brochure (he certainly wasn't very fat!) to really catch his breath. Unfortunately, I could not comply with his urgent request to accompany him. Then the restless existence of the "Zugvogel" began anew. A fight for socialism and, at the same time, a fight for daily bread. His editorial correspondence appeared again, his essays in the party's scientific journals on agrarian policy problems and much more; Parvus was once again constantly striving to be a leader of the German working world in the tangle and undergrowth of daily politics through the luminosity of socialist thought.
In addition, several valuable scientific writings from his pen appeared during these years, of which a clever study on colonial policy is particularly noteworthy, as well as the popular and at the same time profound series of writings: "The Class Struggle of the Proletariat."

The decisive fundamental idea of all these writings was the continuation and deepening of Marx's theory of development in its application to the practical politics of the working class. Here, Parvus was fighting both against revisionism, whose new wine seemed to him like dull lemonade, and against the ossification of Marxism into dogma and scholasticism. For him, socialism did not dissolve into a thousand individual struggles and isolated successes, as it did for the revisionists, but neither was it something unique and finished, like a superficial school doctrine. For him, socialism was something constantly becoming, constantly taking new forms in development and struggle.

Movement and goal in one. Not a gentle "growing" into the new society, but also not a sudden "jumping in." Parvus believed in the increasing "humanization and ethicization" of class struggle, which was the fashionable phrase at the time, just as little as he believed in the gospel of brute force as the only, or even the most noble, path to victory. He never overlooked the near and small, like some, nor did he ever lose sight of the great and ultimate, like others. What he taught was a revolutionary socialism founded on evolution, without scholastic blinkers, without dogmatic commitment. A further development of the master's teachings, without ever abandoning their iron foundations. His socialism was constructive, but not utopian. Practical, but

never petty. Parvus believed in development, without ever sinking into dreary fatalism. He was bold —but free of any putschist absurdity. Marxist science intimately fused with Lassallean politics.

I am reproducing two short letters from my friend from this time. Both date from 1910. The second is particularly remarkable because it shows how clearly Parvus recognized, four years before the outbreak of the World War, what monstrous events were gathering darkly and ever darker on the European horizon

The first letter reads:
Dear friend!
Please forward the enclosed letter to Luxembourg
It has always been a pleasure for me to fight shoulder to shoulder with you. There will be no lack of opportunity to do so later either. We don't need to seek out the fight; let us just make sure we are equal to it.
With warm regards,
Your Parvus.

The second letter, a brief postcard, reads:
Dear friend!
My assumption when I wrote to you was that you might have overworked yourself again. I am very sorry about that. For we need strength not just for today, we need it even more for the near future. The events approaching are so great that it takes one's breath away to try to grasp them. However, I know very well that you are stuck in the treadmill and can't do anything else!
With warm regards,
Your Parvus

While Parvus saw clearly that sooner or later the great storm would break over Europe, he also knew, no less clearly, as early as 1910, where the all-igniting ray would strike: in the Balkans. And so he decided to move to Constantinople shortly thereafter in order to study the economic and politica contradictions, from whose friction that spark would soon spring, at their source. He appeared unexpectedly among us at the Magdeburg Party Congress in September 1910 to say goodbye. He did so with a casualness, as if it were a short excursion to the countryside.
It would be five years before we saw each other again…

8)

The drama of this life, more eventful and exciting than many a film, is rushing towards its climax. At first, little changes: once again, punctually, as always, the editorial correspondence lies on the editorial desks of the workers' press, only now it is dated from Constantinople instead of Munich, and it now primarily deals with problems of world politics, primarily those of the Near East. Again the fiery telegrams from the eternal starver demanding advances, only the requested sums no longer fluctuate between ten and twenty, but between fifty and sixty marks.

"There were days when I lived on onion cake in the taverns of the Hambole, and often I had to place my feet carefully so that the torn soles wouldn't be visible!" he later recounted this time himself.
Otherwise, only rarely does a dark rumor reach the Bosporus: Parvus is said to be striving to establish a viable socialist party in the Ottoman Empire; he is said to have founded a social democratic newspaper in Constantinople and to have raised the money for it by founding a bank; the Young Turk government is said to be watching him closely and occasionally even honoring him with house searches. All rumors-nothing specific is learned. For Parvus has become even more sparse with letters and reports about his human life than before.
Here comes the great war, something he had foreseen and predicted for years. Not for a moment does he waver in what is now his task: Death to Tsarism!

From early youth, Parvus, as a Russian and from his own experience, but also as a German and European socialist who had grown up in the great traditions of Marx and Engels, von Liebknecht, and Bebel, saw in Tsarism the enemy of European democracy, the working class, and socialism. Tsarist Russia had always appeared to him, as it did to us socialists of the older generation, as a terrible nightmare weighing on the future of Europe. For decades, Parvus, as a champion not only of German but also of Russian Social Democracy, had worked with a fervent soul to undermine the terrible colossus in the East. The first general assault, the revolution of 1905 and 1906, had struck the monster, but not killed it.

Now, finally, finally, the eagerly awaited hour seemed to have arrived, to hasten whose arrival tens of thousands had died a martyr's death, for whose sake tens of thousands had rotted alive in the dungeons of Russia and in the icy deserts of Siberia. The German armies and the Russian workers had to wrestle the old hereditary enemy of Russian and European freedom to the ground by fighting together: that was the great thought that now glowed through the soul of the old revolutionary, that filled him completely. And so Parvus never tired of proclaiming this new Dual Alliance, the Dual Alliance of Prussian bayonets and Russian proletarian fists, to the world as salvation. Russian Revolution through German victory: whoever wanted the first had to want the second as well, no matter how deeply he hated the old Prussian Germany!

The war had to—that alone could be its historical meaning, that alone could justify the horrific blood sacrifices—bring about the liberation of Russia from Tsarism and thus the liberation of Europe from the Russian nightmare. At the same time, however, this also meant the liberation of Germany and Western Europe from the oppression of Prussian militarism and the semi-absolutism of the Hohenzollerns. For, if this semi-absolutism of the Central Powers were to lack the century-old cover of the total absolutism of Tsarist Russia, its backbone would be broken.

The Germany victorious against Tsarism would either be democratic or it would not be [victorious]. Nothing would then stand in the way of the triumphal march of European democracy. None would be able to resist the Socialist Union, the path would then be clear for the great final struggles of the European proletariat for socialism.

This is how Parvus saw the war; only this way could he see it. This is not the place to examine what history has proven correct and what was erroneous about this view. Today, now that we have gained a decade's distance from all these things, we fully understand that the socialists of the Western powers viewed and had to view all these things quite differently than we German Social Democrats, who saw the Tsar's endless armies rolling toward Berlin like that famous steamroller. For the socialists of Western Europe, Russia was far away and the Tsar distant, and they would hardly ever have seen a living Cossack. While the Russian danger was burning on our minds, the German danger, or what they considered to be such, was burning on their minds.

A different viewpoint produces different pictures of the same events. In any case, it is stupid, senseless chatter that Parvus's attitude from the very first moment of the war was determined by reasons other than those dictated by his socialist conscience and his socialist understanding. In particular, the talk that Parvus joined the Central Powers "to make money" is as stupid as it is malicious. Never— I testify to this from a close friendship spanning three decades— never, in August 1914 as little as ever before or after, was Parvus's political action determined for even a second by personal interests. Considerations of this kind lay far beneath the sphere in which this man moved intellectually and spiritually. But even assuming the unthinkable case that Parvus had been at all susceptible to such impulses: could a man of his stature, as far as the particular case of 1914 was concerned, not have "earned" much more with the Entente than on the side of the Central Powers?

But, isn't it at least certain that Parvus took advantage of the economic situation at the time? That, too, has been spoken openly, for there is nothing to hide, nothing to cover up. So: yes, it's true, Parvus earned money during those years, a lot of money, in fact! Yet the driving forces that spurred him to earn this money were entirely altruistic. They were the same motives that had once determined him to found that "Publishing House of Russian Authors." Finally, finally, Parvus wanted, Parvus had to become independent of the dreadful drudgery of the day. The fate of Karl Marx stood before his eyes as a terrible image he often recounted it himself. He had prematurely worn himself out in the eternal pursuit of the pound, whom the gray treadmill of hired writing had perhaps robbed of his best interests, whom it had turned into an unemployable invalid for the last decade of his life. Marx, the eternal slave of the bitterest hardship, had been forced to leave behind the great scientific work of his life as a torso. He, Parvus, also carried within the brain encased in his mighty skull works that, he hoped and knew, would transcend the present, from which future generations would draw strength and knowledge for humanity's eternal struggle for freedom. Should they remain unwritten, should they sink into the grave with him simply because he, too, never escaped the tormenting, grueling hustle and bustle of daily drudgery? Now or never! Above all, his own grandiose magazine, the dream of his life, had to be realized now-the magazine that would enable him to serve his cause scientifically, politically, and literary-as he had always desired and yet never been able to.
And so Parvus earned money, earned a lot of money. As in everything he proceeded here in the manner that suited his nature: boldly, generously, and, so to speak, scientifically, by making use of his thorough knowledge of economic life for this purpose as well. Boldly, generously, scientifically, Parvus earned money. But who dares to come forward and claim that he ever earned money dishonestly?

A crazy kaleidoscope: Yesterday the guest of dives, with torn shoes, living on onion cake is already one of the most powerful and richest men in Turkey! With all the strength of his elbows, the suspected "scrounger and conspirator" advances in the first days of the war to the highest dignitaries of the Sublime Porte, and with all the impetuosity of his temperament, he knows above all how to convince the wavering, those under pressure from all sides, to side with the Central Powers. But they should not do so with the same pitifully inadequate economic preparations with which Germany and Austria stumbled into the war. This trained economist knows that today's war is, to a large extent, an economic matter. And so he makes it clear to the German ambassador in Constantinople, and to the astonished men of the Porte: first, the Anatolian harvest must be secured! Bring the necessary locomotives and wagons! What about the milling industry? It must be put into operation as quickly as possible and brought to the greatest possible level of efficiency! Only when these and a dozen similar economic mobilization measures have been implemented can Turkey openly side with the Central Powers!
If the Ottoman Empire intervened in the war far too hesitantly and too late for some impatient people, then let us know today that it was primarily Parvus who, in a wise weighing of what was economically necessary and possible, brought this about! In this economic mobilization of Turkey, Parvus laid the foundation for his fortune, and later, when he worked similarly in Bulgaria, he increased it considerably. For neither there nor here is he content with merely making suggestions; everywhere, with his usual energy, he takes the implementation into his own hands. He continues to do so as the war progresses. He knows how to get grain from belligerent Romania, and from Entente-friendly Norway he knows how to get blubber to fat-hungry Germany. He, above all!

It is he who, to name only the most important thing, knows how to secure Denmark's neutrality, which is benevolent to Germany, by making this country independent of English coal. Against the fierce resistance of certain German interest groups, he procures German coal for the Danes on extraordinarily favorable terms, and at his own expense and risk, he assembles entire flotillas to transport this coal and, in return, bring back to Germany, which is blockaded on all sides, economic exchange gifts of the most valuable kind. Quite apart from the fact that it was Parvus's work that primarily created a mood in Denmark that lasted until the end of the war, a mood that, although certainly not explicitly pro-German, differed greatly in our favor from the mood in almost the rest of the world! The former imperial envoy in Copenhagen could tell you much about the quiet work of the "unpatriotic fellow" hounded for decades by the rulers of old Germany, who now becomes a welcome advisor to the Foreign Office (if only his wise advice had always been heeded!), whom no one imprisons or deports for "breaking the ban," and who-just a moment ago a troublesome foreigner, a highly suspected "scrounger and conspirator"—is now able to acquire Prussian citizenship without much difficulty...

9)
FINALLY, in the early autumn of 1915, I saw Parvus again. Previously, in response to a few friendly lines, he had sent me this letter, which shows him quite as he was:

Copenhagen, September 16, 1915,

Dear friend!
Your letter has delighted me. I am familiar with your attitude, although I have only seen excerpts from your writings and speeches. The first time was still in Constantinople. Then I said to my friends: "See how one arrives at the same conclusions from the same viewpoints. That is Parvulus!" It was my wish to speak to you in Berlin. But amidst the general confusion, I was primarily driven to clarify my position by summarizing it. You can also imagine that after almost five years in the "Orient," I first had to find my way around in Germany. Besides, my time was heavily occupied by business matters.
But I didn't know that you were now staying in Berlin permanently. Now that I have your address, I will visit you soon. I have to go to Berlin, but urgent business is holding me back. Perhaps I'll come next week. I am counting on your cooperation for "Die Glocke." It is published in Munich, where a relationship has developed between the government and the party that grants us a certain security against the arbitrary rule of the censorship. Apart from Ad. Muller, who represents me in Munich, and L. Cohn, who is in charge of the management, I have not yet contacted anyone. You are the first person I have turned to. They write to me from Munich that manuscripts have arrived But I don't know from whom or what. There will be editorial difficulties to overcome for the first one or two months. I have suggested that the second issue of "Die Glocke" be published as a double issue at the end of September, because I have not finished my work. There are a lot of things to discuss, all of them urgent. To make matters worse, I still have to take a stand in a smear campaign that, as I know full well, has been organized against me by the Russian embassy in Sofia. I'll give that rabble a good thrashing.
So think about how you can best benefit the "Glocke." Perhaps I will set up a branch of the editorial office in Berlin. Mammon's abundance. For I have actually acquired a large fortune, if not, as is insinuated, by speculating on rising prices, but on the contrary by combating it.
The "Glocke" is also doing quite well and will probably even become a profitable business.
I will discuss all this and much more at a personal meeting. Instructions regarding the delivery of the magazine will be sent to Munich. I will be pleased to see your dear wife, of whom I have the warmest memories, and the growing youth. In the meantime, with friendly greetings and a hearty handshake,
Yours, Parvus

A few days later, Parvus was in Berlin. We thoroughly discussed the entire situation and the tasks of the magazine. The result was that Parvus asked me to take over the editorship of "Glocke" from the third issue onwards, replacing Adolf Müller, who was to remain a permanent contributor and who remained so. If the magazine were to become the leading intellectual organ of German Social Democracy, and that was what Parvus wanted it to be, it had to be directed from the focal point of political life, from Berlin. In the first few months, Parvus was full of fervent interest in his paper almost every issue featured a highly regarded article from his pen.
Beyond that, however, Parvus also wanted to be kept up to date on all the details of the editorial work. This wasn't easy, because Parvus was rarely in Berlin; he mostly lived in Copenhagen, was soon in Switzerland, Munich, or Vienna, then again in Stockholm, and occasionally in the Orient. One remembers the difficulties of all kinds associated with foreign correspondence during the war. If my letters arrived late in his hands, Parvus could become very impatient. Occasionally, he even became rude if everything didn't go entirely according to his wishes, or if,

for example, I raised serious objections from the editor's point of view to his intention to fill entire issues of the "Glocke" exclusively with articles from his own pen. But since I knew Parvus well enough to know that even rudeness and occasional injustice always arose from his impetuous zeal for the cause, everything always quickly settled down, and for the entire four years in which I directed the magazine (I retained the editorial staff, albeit with great difficulty, even as Minister for a while), we ultimately got along quite well. For from a long, close friendship, I knew that Parvus was accustomed to making the same high demands on himself that he placed on the fulfillment of his staff. The following letter may show Parvus as the man of his magazine:

Copenhagen, October 6, 1915.
Dear Haenisch!
For issue 4 of the "Glocke," I am writing an editorial, "The French Offensive." It will be sent to you tomorrow, and a copy will be sent to the printer. The printer also has an article by me: "The New Russia," for which you have probably already received the proofs. Janson, who wants to write a trade union review for us, is contributing a brief note on the life of the Danish Social Democrats for this issue. Lensch promised an article. You must contact both of them if you haven't already We must provide some variety. Issue 3 is doing well. Kampffmeyer's article is good. He must be encouraged to write more. Make sure that issue 4 comes to something. I myself have been confined to bed for eight days with a bad case of rheumatism and can hardly move. I have no news of you. If letters won't do, telegraph. The publisher will open an account for you for this purpose! There is no other way in wartime.
Sincerely,
Parvus.

The "Glocke" and its associated "Publishing House for Social Science," which soon enjoyed a good upswing and achieved respect far beyond socialist circles, were not the only ventures into which Parvus, true to the great purposes of his life, invested the much-vaunted money he acquired during these years. Thus, he founded and financed the well-known Society for Research of the social consequences of the war, which soon led to the publication of a series of valuable publications. Incidentally, Parvus himself also enriched war literature, or rather, peace literature, with several works. In them, he advocated a peace without annexations and contributions, a timely peace of understanding, a "Scheidemann Peace" - it was in 1917, after Tsarism had been overthrown and thus, for Parvus, the only possible purpose of the war had been fulfilled. Besides his spirited polemic, "My Reply to Kerensky & Co.", the — study "The Social Balance Sheet of the War," based on a masterful mastery of the material, is particularly worth mentioning here. In it, Parvus demonstrates, not with general ethical sentiments, but with sober facts and figures, how right those men had been who, even before 1914, had judged the war to be a miserable business for all nations, even from the standpoint of capitalism, as the famous "false calculation." Germany, Europe, would be better off today if, at the last minute, people had listened, if not to the warning voices of the pre-war period, then at least to Parvus of 1917.

Closely connected with the Society for Research into the Social Consequences of the War was an extensive library, also established by Parvus in Copenhagen, which, despite all the difficulties

of the war, soon brought together all relevant publications from both the belligerent and neutral countries. What Parvus did for so many workers' newspapers that had fallen on hard times during the war and post-war period, and how he actively promoted more than one talented young socialist, be they Russian, German, or Scandinavian-that too, my friends, you who today know how to remain silent about the man so much reviled in a thousand languages-that too, I think, you should not completely forget! Parvus also always had an open heart and an open hand for purely humanitarian purposes: with his help, many German proletarian children were brought to Denmark to recover from the devastating effects of wartime hardship. Parvus organized this labor of love primarily with the help of the Danish trade unions. On the other hand, the Danish workers also kept a grateful memory of him for everything he did for them during difficult times.
They donated a marvel of horology to him, a magnificent grandfather clock with a 100-year operating life, crafted by outstanding craftsmen over several years and bearing warm words of dedication. Many a visitor to his hospitable home was able to rejoice in this token of gratitude - from Danish socialists to the great revolutionary of thought. The Danish trade unions also did not fail to send a delegation to Parvus's Berlin funeral, thus expressing their deep sense of the unspeakably heavy loss that international socialism suffered through his death.

10)

After the war, Parvus saw his primary task as helping to rebuild what the years of European madness had destroyed. Here, too, Parvus saw earlier and more sharply than most others what was important and what was needed. He never tired of pointing out, in articles in the "Glocke" and the "Nationalzeitung," the most important of which are collected in the work "Reconstruction and Reparation," in his clever essay "The Economic Path to Salvation, "and finally in the multilingual magazine "Reconstruction," which he published himself, the paths that alone could lead out of the economic chaos of the post-war period. Again and again, he explained orally to influential party comrades, especially the economic and financial politicians of our parliamentary group, how these things should be viewed and tackled. He did not withhold his advice on the economic rescue of Germany and Europe from leading bourgeois politicians either And whether they were called Erzberger, Rathenau, or Stinnes, they all listened to his wise words with pleasure, and no one left him without having learned something valuable. The unique combination of scholar and businessman, of theory and practice, as embodied in Parvus, made a strong impression on all who discussed economic problems with him in the postwar years. Even the scientifically trained minds of Bolshevism (in Russia! German Communism hardly has such minds), even if they had been mortal enemies of the politician Parvus since 1914, recognized without reservation that Parvus's work on the economic reconstruction of Europe represent by far the best and wisest thing that has ever been written about it.

Much of what was realized far too late in the Rentenmark and the London Agreement goes back to Parvus's ideas. He is not to blame if the paths he pointed out were only taken at the very last hour, and even then hesitantly and without decisiveness. Other valuable writings by Parvus from

this period, such as "The State Industry, and Socialism" and "The Nationalization of the Banks and Socialism," by no means received the attention they deserved within the Social Democrats.

This lack of a sense for scientific in-depth study of current political problems, which can unfortunately also be observed elsewhere in the party today, pained Parvus deeply.
But Parvus did not see writing as the most important field of his work in the postwar period More than through the spoken and written word, he wanted to serve the cause of reconstruction through practical action, which for him was only conceivable in the spirit of socialist economic thought. At times, he may have envisioned becoming something like a socialist counterpart to Stinnes, a Stinnes of socialism. Above all, he was preoccupied with the idea of Franco-German cooperation in the reconstruction of Europe, an idea he often discussed with Dr. Haguenin, who died before him, with Professor Hesnard, and with other intelligent Frenchmen who lived in Berlin and, for their part, worked quietly but tirelessly to lay the foundations, first of all, for the economic rapprochement between the two peoples. That political rapprochement must soon follow if Europe was to recover at all was self-evident to this Russian, who had always felt a hardly less profound affection for the freedom and refinement of the French spirit than for German depth and thoroughness.

If the most important thing had been achieved in this immediate work through living creation, then Parvus wanted once again to take up the pen. We have often discussed in recent years how desperately international socialism needs a work that draws conclusions from the decade of unprecedented world revolution that lies behind us and that fundamentally defines the tasks of socialism in the now dawning era of socialist realization. I repeatedly told him: "You are the man who must write this book for us. You and no one else!" And Parvus became more and more absorbed in the idea of this work. Its execution should be reserved for quieter times.
That, too, has now no longer happened. Parvus has left us without this work, which should have been, and would have been, the work of his life.

He has been taken from us, as much as he gave us in valuable having been granted to him to give the world — polemics-without it such a conclusive book as Marx in Capital, Engels in Anti-Dühring, Lassalle in Bastiat Schulze, and Bebel in his Wife. He shares this fate with the very different Wilhelm Liebknecht, who, like Parvus, was forced by the harsh and ever-demanding duties of daily struggle to constantly spend his best in small change so that he, too, never came to erect a great, age-lasting monument to his life and work in a conclusive work.

11)

The hopeless incompleteness of German conditions and the incompetence of German politics, which allowed hour after hour to slip away in inactive hesitation, severely embittered the last years of Parvus's life. From year to year, he became more silent—he was tormented by all sorts of physical ailments and the inevitable consequences of the hard fighting life that lay behind him, he withdrew more and more into cultivating old and new friendships and the quiet pleasures of his home.

But what hasn't been fabricated about this house of his, what hasn't been fabricated about his way of life in the first years after the revolution! There were tales of wild spectacles with half-naked women; the press reported on feasts that were meant to overshadow everything that had gone before! None of this is true. Parvus, the pauper who had been whipped around the world for decades, certainly no longer lived like a proletarian in his final years, and he knew no greater joy than seeing old comrades and like-minded people, such as talented young adepts of socialism, in his beautiful house on the Wannsee, and entertaining them at his hospitable table. Parvus's hospitality had the breadth and spaciousness of his Russian soul, and the fuller his house, the more content his guests were, the more gleefully his eyes shone. Full of gratitude, I remember many beautiful hours, many beautiful days that I too was able to spend in the garden of Schwanenwerder and which repeatedly gave me new energy and creative joy. With me, more than one of our comrades in the front line of struggle offered our much-maligned friend such days of relaxation, of gathering fresh strength. And we all desperately needed hours of this kind from time to time in the hard years after the revolution, if our nerves were not to collapse under the excessive burden of duty and responsibility placed upon us.

But orgies, feasts? Good God! If the dear fellow human beings who fantasized about such things in the newspapers of the right and the far left around 1920 had been able to be there just once when Parvus organized pot-banging, sack races, and running races for his friends' children, if they had witnessed how tears of joy welled up in his kind eyes when he hid nests of Easter eggs for the little ones in the Schwanenwerder garden at Easter, lit lanterns for them to celebrate May Day, or prepared some other kind of surprise, how he thought up funny riddles for his guests, which he immediately turned into dainty German rhymes, how he could shake with laughter when someone recited harmless hopscotches and yodels, how he knew how to entertain and stimulate his young and old guests with fairy tales and scientific educational films (he considered introducing such films in all German schools): if those irresponsible chatterers had experienced all of this with us, Even these hard-boiled people, I think, would have had their lies stuck in their throats! More than harmless ones! Now that he is dead, a friend may say it: Parvus's bizarre appearance - Today, was certainly, a wild Renaissance man, and yet a man, take everything in all! - Parvus stood far too high for the mud flood of slanders to have even reached him. Only sometimes, when the chatter became too stupid did anger seize him and he would then probably even strike back with a rude word.

His view of these things is characterized by a few sentences from a longer letter he sent me in the summer of 1920 from Marienbad wrote. I had recently taken the trouble, in a few articles on the "wilderness of political mores," to hold a kind of general reckoning with those who, with this poisonous slander campaign against the leading figures of the Republic in general and of Social Democracy in particular, were preparing the ground for the plague of assassinations in the coming years. I had sent these articles to Parvus. He replied:

I had already read your articles, dear friend, in the Prager Tageblatt. The dirt had to be cleared up. You are right, and you do it with admirable composure…

And then, after having thus pushed the "dirt" aside, he writes to me about his preparations for the "literary and political winter campaign" for the reconstruction of Germany and Europe
Only twice, as far as I can remember, did Parvus himself allow himself to confront the slanderers of his human and political honor. Once in his essay: "In the Struggle for Truth" and then in the essay: "Philistines about Me!" in issue 42 of the 5th year of the "Glocke."
This man, to whom nothing human was alien, who had stormed through the wild, beautiful life in all its highs and lows, and who had therefore always remained a more or less sinister companion to the correct philistine, proudly presents himself in this essay as he is. Without reservation, he exposes the nakedness of someone who was never and never wanted to be a sophisticated book, who has always been a human being, a human being with his contradictions. The essay concludes with these words:

"Never have I despised money so much as now that I possess it Am I now a morally corrupt person or completely without morals? I don't know. That's my life. That's how I was, that's how I am. Judge as you will. I can do no other.“

These sentences should also conclude the pages of remembrance that I lay here at the urn that contains what was mortal in Parvus. They should, until someone better comes along, preserve the memory-
Parvus von Konrad Haenisch

Parvus
A page of Rememberance
By Konrad Haenisch

1925
Berlin Sw 68
Verlag Fürstenberg Sozialwissenschaft

FOREWORD
An excess of official and political work made it impossible for the person writing this to speak for his deceased friend at the funeral. The same reasons also prevent him from doing the deceased justice in the following pages as he deserved. These pages therefore in no way claim to be taken even as an attempt at a biographical sketch, even if they may perhaps contribute one or two building blocks for a later biography. They intend to be nothing more than the simple token of gratitude from a man who is proud that for three decades he was able to call himself a friend of the now deceased, who learned invaluable things from him, and who wishes to have nothing in common with the far too many who believed they could dismiss the passing of this incomparable stimulator of minds, this bold revolutionary of thought, in their newspapers with fewer lines than they usually devote to the latest robbery-murder or the latest marital scandal
Of the hundred or more socialist newspapers in Germany, as far as I could determine, only two commemorated the dead man in a dignified manner: the papers in Dresden and Munich. The

other hundred remained silent in a hundred languages. And yet among them are many in whose columns the living man once spoke fiery words to the workers week after week.
But I don't want to be unfair: ingratitude is not the motive force behind their omissions in all of these papers. Many of them today employ a young generation of editors to whom the name Parvus means little anymore. And so May this unpretentious page of remembrance not only be dedicated to the older ones among us, who fought side by side with Parvus for a generation, but above all, may it be placed in the hands of the rising generation of young socialists who have barely heard of Parvus and his era, into the hands of those whose ears have scarcely ever heard the names of socialism's great dead—the name of Wilhelm Liebknecht as little as the name of Parvus. I am thinking of the new generation of social democrats who strive to become not only adherents of the socialist program, but socialist men, and who must never forget that among the noblest virtues of socialist man is gratitude. Gratitude to those pioneers and scouts who, with the sword of thought and the axe of will, made the first breaches in the wall of dullness and stupidity—that strongest protective barrier of the old age against the new.

Certainly, you young socialists are fighting today on new ground and under new conditions. But the struggle itself that you are fighting is still the old struggle, the good fight for great causes of humanity. Today, as ever, this struggle demands a cool head and a hot heart, clarity of thought and passion of will, prudence and boldness. Virtues that have rarely flowed together in such harmonious unity as in the man to whose memory these simple pages are dedicated and whose name will live as long as there are men and a great purpose.

Wiesbaden, Christmas 1924

Konrad Haenisch

1)

WHO was Parvus? "An unpleasant phenomenon," succinctly states the leading and rightly highly respected newspaper of the southwest German democracy, believing it has thus found the last word about the dead man. "A racketeer and war profiteer," snarl the right-wing organs. "A criminal Eastern Jew," rants some newspaper of the pious in the country. "A very talented and well-informed writer," is all most Social Democratic newspapers have to say. In truth, Parvus, whose character, so confused by the favor and hatred of the parties, wavers in the judgment, if not of history, then at least of his contemporaries—in truth, this man was the strongest mind of the Second International, the International from 1889 to 1914. He was its strongest mind, just as Bebel was its most fiery prophet, Jaurès its outstanding politician, Mehring its finest publicist, and Kautsky its most learned. Man was. Perhaps one could place the one, Rosa Luxemburg, at the side of the dead woman. But what distinguished Parvus from this pure and noble martyr of the proletariat was that his thinking was far less abstract than hers, that his brain drew its best strength far more than hers from the world of reality.

And primarily from the world of German reality. However many and strong the ties of shared struggles, shared persecutions, shared victories, however firm the chains of personal friendship

might have connected Rosa Luxemburg with German Social Democracy, the true home of her soul and spirit—this is not meant as a reproach—always remained Poland and the Polish workers' movement. Quite different with Parvus. This son of southern Russia, who as a revolutionary refugee had once sat at the feet of the German economist Karl Bücher in Basel in his youth, was saturated with German culture, and just as he spoke and wrote German no less fluently than his native language, he was accustomed—he often told me—to thinking in German as well. The admonition Lassalle once shouted to Karl Marx: "Never forget that you are a German revolutionary!" would have been misplaced with Parvus, for despite all the strength of his international feeling and will, he himself never doubted for a moment that the deepest fibers of his creativity were rooted in the soil of the German workers' movement, that he was first and foremost a German Social Democrat, a German revolutionary. Seen in this light, the Russian Parvus presents a quite unique phenomenon. This does not change the fact that in the depths of his being there were many Slavic influences that had a strange touch and could, at least for a moment, create a gap between Parvus and even those of his German friends who were closest to him.

2)

I first met this German revolutionary around the mid-1890s. If I remember, it was in the summer of 1895 in - Leipzig. the then widely famous "Thuringer Hof" beer hall in At that time, the fierce battles still familiar to the older comrades were raging within the party over the agrarian program—a draft that the Agrarian Commission appointed by the Frankfurt Party Congress in 1894 had presented to the party members for discussion, and on which a decision was to be made at the Breslau Party Congress in 1895 Bruno Schönlank, who had recently founded the "Leipziger Volkszeitung," although he himself was one of the fathers of the draft, made the space of his paper available to Parvus, whom he highly valued and often compared to the young Marx in his tireless eagerness to learn and his productivity, for a major attack on the agrarian program-an attack that raged in a dozen or more dashing editorials. And in the "Thüringer Hof," the battle between Schönlank and Parvus continued.

Incidentally, what Parvus wrote at that time was undoubtedly the best and wisest thing that had ever been said against the agrarian program. Against Schönlank, Vollmar, David, and also against August Bebel, Parvus denied the possibility of making Social Democracy, as the party of the industrial and (at that time, admittedly, was more hope than reality!) agricultural proletariat, simultaneously a party of the middle and small peasantry. Certainly, we look at many things with different eyes today than we did 30 years ago, and especially Parvus, the relentless revolutionary critic even of his own development, would certainly be the last person to insist today on every one of his arguments from 1895. But, hand on heart: hasn't the development of these three decades ultimately proven him more right than Schönlank, Vollmar, and David, however compelling their arguments may have sounded at the time?

A year before these battles, the name Parvus had already become known in wider party circles through our friend's very strong stance against the budget approval by the Bavarian party comrades, a question that, in 1894, in Frankfurt, vividly agitated the minds of our comrades for the first, but, alas, by no means the last, time. At that time, there was much speculation in the party as to who might be hiding behind this strange nom de guerre Parvus (The Little One), which, as far as I remember, first appeared in those days in the "Neue Zeit" newspaper. One

person guessed Bebel, another, strangely enough, Fritz Kunert. That a young Russian intellectual in his mid-twenties was behind it, only a few insiders knew
Just as little did the public suspect that from the pen of this same young Gypsy, who nevertheless never immersed himself in Gypsy life, came those anonymously published essays on Russian affairs that had appeared in 1891 and 1892, partly in the "Vorwärts" and partly in the "Berliner Volkstribüne," the organ of the radical wing of the Berlin Social Democrats, and which, due to their astonishing expertise, had aroused both general and justified attention
Around that time, in the first half of the 1990s, Parvus lived partly in Stuttgart, partly in Berlin, and sometimes in Zurich. He later told me that he was often so miserable at that time that he couldn't afford the postage for his articles. More than once, he had to walk the long way from his student flat in the far north of Berlin to Beuthstrasse, where the
"Vorwärts" newspaper was then published, and to the even further away Katzbachstrasse, where a high-ranking party executive was enthroned, because it was too little for the tram and even six for the bus was no longer enough, even with the best will in the world. And apart from the brief interlude of his publishing career in Munich, things only very rarely went much better for Parvus until the beginning of the war. I still possess dozens of letters and cards in his characteristic handwriting from my years as an editor, letters in which Parvus repeatedly sounds the alarm about a few marks in advance for articles that had been accepted but not yet printed
When he lived in my house in Dortmund as Peter Klein in the winter of 1906/07 after his escape from Siberia, he had little more than the shirt on his back. And even in Constantinople, shortly before the war, he often lacked the money to eat his fill and have his boots resoled. Only those who know all this can understand the hunger for life that, after thirty or more miserable years of an unsettled refugee existence, seizes the constantly hunted man when, overnight, he acquires a fortune that, as he feels it, suddenly places all the treasures of the world at his feet.

3)

The second time I saw Parvus was in 1896 or 1897 in Dresden, where had come from Leipzig for a few meetings. At that time, Parvus headed the Sächsische Arbeiterzeitung, succeeding Georg Gradnauer, who had been appointed to the "Vorwärts" and only returned to Dresden ten years later. The paper fought under his leadership in the struggles against revisionism on the extreme left wing of Social Democracy, which were just beginning in 1897. And the essays-what am I saying: the almost endless series of essays that Parvus, at the helm of his newspaper at that time, breathlessly and without pause sent out into the socialist — world against Schippel and Bernstein, against David, and also against Auer-found a loud echo throughout Germany
Of course, it was certainly not pure pleasure to fall under the fists of the little man, or even the fat man, as Rosa Luxemburg called him (Karl Kautsky's children, with instinctive plasticity, used to call him the elephant). When it came to the socialist idea and its purity, when it came to the class interests of the proletariat, Parvus was of the utmost relentlessness.
Often, to put it bluntly, of boundless injustice. With cruelly sharp psychology, he dissected his victims and did not rest until he had peeled out the deepest entrails of their political being. But never did petty motives, personal revenge, or wounded vanity, determine his actions.
Like Marx or the Luxemburgs, who likewise often seemed to revel in the wildest cruelty in their polemics, he was always driven by the cause, and the cause alone

Even in these internal party struggles, Parvus, unlike Luxemburg, was never a man of pale abstraction. His essays were always underpinned by irrefutable evidence of economic and social facts. The figures from German occupational and trade censuses, import and export data, the results of American cotton and Russian rye harvests, and the phenomena of the international agricultural crisis were just as indispensable tools for him as, for example, the details of women's and child labor revealed by German factory inspectors. This sense of fact enabled Parvus to provide valuable inspiration not only for the theory but also for the practice of the labor movement. Indeed, for him, theory and practice were never separate concepts! For him, a theory that is not constantly regenerated by living reality was as absurd as a practice that, without the guiding star of clear theoretical insight, gropes through the labyrinth of phenomena and is unable to see beyond the day. Thus, to pick just one example, Parvus was the first, in contrast to many of his radically minded friends, even in contrast to August Bebel, to recognize the growing importance of trade unions as early as the mid-1990s and to defend their independent right to exist, even in a very spirited pamphlet. While those in the trade unions wanted to see little more than "recruit schools" for the party, Parvus already characterized them with great sharpness as the typical organizational form of the proletariat and as the strongest lever of its class struggle. Parvus was also among the first pioneers of the cooperative idea in the ranks of the German working class, just as he, on the other hand, already at that time in 1896, clearly recognized the importance that the mass strike would one day have as a means of political struggle for the working class. It hardly needs to be said that he drew a broad line between his conception of the mass strike and that of the anarchists who, They did not see it as an equally effective weapon of the proletariat at a time of greatest intensification of class antagonisms, but believed they had discovered in it the miracle cure that, as if by magic, would burst open the gates to the socialist paradise. Such an unhistorical conception of the general strike was, of course, nothing other than general nonsense for Parvus as well.

I have already indicated that in the days when Parvus headed it, the "Sächsische Arbeiterzeitung" was, alongside the " Leipziger Volkszeitung," the most widely respected newspaper of the German Social Democrats. Purely journalistically, in terms of versatility and presentation, the "Leipziger Volkszeitung" was undoubtedly far better.

Its director, the all too early deceased Bruno Schönlank, was a genius of journalism and newspaper technology, the likes of which the German Social Democrats have never produced before This master of the concise editorial and the sharply cut entrefillet often found his blood boiling when he encountered, in an issue of his neighboring Saxon paper, yet another three or four party-political articles written by Parvus, racing through columns and entire pages. And when it even published the famous series of ten, twelve, or even more serialized editorials on the same topic, this born newspaperman would wring his nervous hands and groan: "But what Parvus is writing is just another pamphlet!" Kurt Eisner, Friedrich Stampfer, and other of our capable daily journalists, who were just beginning to earn their spurs at the time, may have cursed similarly. And yet, in terms of socialist urgency, sharpness of socialist insight, and fervor of socialist will, the "Sächsische Arbeiterzeitung" of those days was never equaled, let alone surpassed, before or since. And many still owe the best of their socialist education to what Parvus wrote in the columns of the "Sächsische Arbeiterzeitung" (Saxon Workers' Newspaper). Like many other young socialists, I too could hardly wait for the hour when the postman would bring me the paper.

I devoured every Parvus article with Hermann Duncker (now a traveling communist speaker!), Walter Classen (he later switched to the far right, but should not be confused with the nationalist pastor of the same name in Hamburg!), and Alfred Neu, our Saxon Minister of Justice from last year, and we spent entire nights debating the pros and cons in the old Café Peter Büchel (it has long since ceased to exist!). And often enough, on the way home, the heated debate continued back and forth, back and forth! As a young badger, I championed the already highly controversial Parvus so zealously, both verbally and in writing, that the party adopted the nickname Parvulus (it comes from the equally gifted Swabian Gustav Jaeckh, who died much too early and who, a brother of - Ernst Jaeckh, later served for many years as the leading figure of the "Leipziger Volkszeitung" and to whom the party owes a very effective piece of work on the International Workers' Association). I liked to bear the name Parvulus, and in my dealings with Parvus, it was often used until recent years, in remembrance of old-should I say, better?—times. Parvus was in his prime, and those were those years in Dresden, a man of quite unusual work capacity, sustained by iron health. It didn't bother him at all, after a night of working all night, or perhaps even lazing all night!, to quickly step under an ice-cold shower and then, -As an editor, without a minute's sleep, sit down at his desk for new work. Many a valuable and extensive piece of writing from his pen was produced in two or three weeks

4)

This heyday of Parvus's creativity, came to an abrupt end in the summer of 1898 when he was expelled from Saxony the as a "troublesome foreigner." A few years earlier, in 1893, he had been expelled from Prussia, which began his Dresden period, and after his expulsion from Dresden, had just settled in Gera, he was expelled from the principalities of Reuss, and soon also from the other Thuringian states and from a number of other fatherlands. In the midst of this restless refugee existence, a son was born to him and his companion at that time, a talented Russian revolutionary who, like him, was also a writer. He named him Lazarus. A second son, a few years later, saw the very subdued light of this world in the cell of a Russian dungeon
Parvus was accompanied by his old friend and comrade-in-arms, the Polish socialist Marchlewsky, from Dresden-better known within the contributed valiantly - party by his expelled pen name Karski. He, too, had to the "Sächsische Arbeiterzeitung" during those years, while also enriching the party's agitation literature with several polemics of temperament and substance. During the war, Marchlewsky, unlike Parvus, joined the Bolsheviks and, after the revolution, was also active in the ranks of the German Communist Party as a writer and agitator. Incidentally, the expulsion did not in any way prevent the two from appearing from time to time among the Dresden party comrades in the following years. From the time when I myself had been with Georg Ledebour and Emil Eichhorn, the later Spartacist Police President of Berlin, who worked on the Dresden party newspaper, from the years 1899 and 1900, I remember particularly clearly a festive evening when both of them suddenly appeared among us with slightly different beards, and probably also somewhat disguised Marchlewsky delighted us with wild Polish national dances, but Parvus was full of ranting about the Saxon police who had happily been duped once again.

Even in Berlin, despite his expulsion, Parvus appeared frequently on the Mostly, things went well; carefree and reckless — scene several times. as he was, he fell into the hands of the persecutors and had to spend a few days in prison for "breaking the ban," only to be deported again. I still vividly remember a walk we took together during one of his Berlin jaunts in the spring of 1908. While I was by no means feeling entirely well out of concern for him, Parvus made a sport of picking out the physiognomies of criminal investigators among passersby and was happy like a cocky boy that none of the spies recognized him
When I try to recall today on which occasion Parvus made the strongest impression on me, a scene from the Stuttgart Party Congress in the autumn of 1898 comes vividly to mind. Parvus, who was strongly attacked by the revisionists, was given the floor to make a statement, even though he was not among the delegates. If my memory serves me correctly (I do not have the Stuttgart minutes at hand), he objected to a remark by Vollmar that the Paris Commune fighters might have done better, in the interests of the proletariat, to sleep than to proclaim the Commune and thereby bring about the horrific bloodbath among the Parisian workers that the May Days brought. Regardless of whether what Parvus said against this statement was historically correct or not: the impression of the man trembling with anger, standing to the side of the speaker's platform and holding with his right hand an enormous red flag decorating the podium The sight he held captivated not only young hotheads like me. I remember Klara Zetkin whispering to me that she, too, would never forget that sight. At that time, remembering some Bible verse, a sentence formed in my mind that kept coming back to me for many years whenever I thought of Parvus: "Behold, a true revolutionary, in whom there is no deceit!"

5)

After all, apart from Württemberg and Bavaria - the Bavaria— of 1900 was not yet the Bavaria of 1924! - there was hardly a German state left in which Parvus could have lived undisturbed. So, after much back and forth, which temporarily took him back to Switzerland, and which also took him to the Paris World Exhibition of 1900 as a correspondent for the socialist press, he settled in Munich and published a brilliant editorial correspondence for the German workers' papers. At the same time, he enriched the party's daily newspapers and magazines with many literary contributions. For in this man, who was simultaneously an ardent revolutionary and a sober economist, there also lived a soul thirsting for beauty and knowledgeable about it, and many subtle book reviews and many an essay on purely aesthetic subjects have flowed from this tireless pen.

Without this literary side of his being, the founding of the "Publishing House of Russian Authors," which Parvus founded together with Marchlewsky in Munich at the beginning of the century, would probably not have happened. Even more strongly, however, he may have been driven by the desire to finally give his life a secure economic foundation after so many years of an unsettled vagabond existence His life, that is, his socialist work! For a life without this work would have had no value for Parvus. Even then, his dream was the founding of a grand-scale socialist journal, which, he hoped, would enable his knowledge and desire to express themselves in a completely different way, and give his political work a much wider resonance

create than daily newspapers and editorials, whose narrow framework his wild temperament had long since burst beyond anyway.
It was the merit of that Munich publishing house to have made more than one Russian and Polish poet of renown known in Germany. First and foremost, Maxim Gorky, until then virtually unknown to Germans, must be mentioned here; his "Night Asylum" was brought out by the publishing house. Parvus was also not without a strong influence on the epoch-making first performance of "Night Asylum" by Max Reinhardt.

May a word of defense for the dead man be inserted here? For many years now, rumors have been circulating within the party, and have occasionally even reached the opponents' press, that Gorky was "cheated" by Parvus at the time. In this regard, it should be said: In business matters, too, Parvus was, if I may say so, extraordinarily "generous." Even during the war, when his business ventures were running into the millions, into the gold millions, he often said to me: "My only ledger is my head!" At most, he supported this "ledger" once with a fleeting note in his pocket diary. Only later did he place capable managers in the companies he had created, who were to run the business according to commercial principles.

However, as far as the period twenty years ago is concerned, it is quite plausible that strong differences of opinion occasionally arose between Parvus and his authors; this may be especially true in the Gorky case, where such complicated matters as the right to distribute works abroad, domestic and foreign performance royalties and similar things played a role. In addition, Parvus left the publishing house abruptly at the outbreak of the Russian Revolution in 1905 (this will be discussed shortly), and the company therefore ran into business difficulties. In any case, Parvus was of the opinion until the very end that Gorky had made a very good deal with the later settlement. But be that as it may: that Parvus deliberately "cheated" the Russian poet and socialist, whom he greatly esteemed, is so absurd that it is beyond any possibility of discussion.

Incidentally, Gorky himself made a public statement on the matter in October 1915, a decade later. Since I suspect that this statement, published in a Russian newspaper, the "Birzhevyja Vjedomosti," was not even known in the raging war in Germany, I will reproduce its crucial sentences here. Gorky states: "Concerning the publication of my works in German and Parvus's involvement in the publishing house, various newspapers have published inaccurate information. Indeed, it seems to me that much of the newspaper reports about Parvus and his activities is misrepresented." This clearly shows that even if Gorky initially truly believed he had been taken advantage of by Parvus, he later no longer maintained this opinion.
The Munich years also saw the daring feat of a research trip undertaken jointly with the now deceased socialist physician Dr. Lehmann by the political criminal, who was feverishly sought by the entire Russian secret police, right through the Tsarist Empire. The fruit of this trip was the extremely valuable monograph: "Starving Russia." A work in which scientific thoroughness and ardent human compassion create a beautiful harmony. Long afterward, Parvus used to recount with a smile the countless adventures of this Russian journey, with all its accessories of false passports, disguises, etc.

I myself remember only one visit to Parvus from these Munich years in 1900 during which he introduced me not only to his friends Louis Cohn, probably the last living member of the International Workingmen's Association, and Adolf Müller, the long-time editor of the "Münchener Post," a Bavarian state parliament member and current German ambassador to Switzerland, but also to the champion of Bavarian particularism, the then widely famous Mr. Siegel. The new generation probably knows hardly anything about this eccentric, original Bavarian, whose "Vaterland" could easily bear comparison with today's "Miesbacher Anzeiger" in terms of its natural tone; however, in terms of wit, the strange little quarto paper, despite the narrowness of its political views, far surpassed the organ of today's Hitlerites. Parvus, as with all originals, took unbridled delight in the foolish eccentric Siegel and said to me: "You absolutely have to get to know him!" We spent a highly entertaining evening in one of Munich's cellars with this eccentric, uninspired fellow, who simply didn't enjoy his beer unless he could consume at least one of these maleficent Prussians with it.

6)

AUTUMN 1905. I'm sitting with Paul Lensch in the editorial office of the "Leipziger Volkszeitung," and we're eagerly discussing the dispatches that have just arrived from Russia, indicating an ever-increasing swell of the revolutionary movement. Suddenly, the door is violently flung open, and Parvus rages in. Ignoring the strict ban on staying in Leipzig that, of course, is still imposed on him. His large eyes are burning, and with mighty strides he — runs back and forth in the small room. "Is that you in the flesh? Where from? Where to?" "From Munich, of course! Route: Direct to Petersburg. Finally, the time has come. The beast is down!" "Is it really already down? Is it really already that far? Can you already safely..." A withering look from the giant gray eyes and a contemptuous shrug of the shoulders are the only response to such bourgeois cowardice. "The travel money?" "Advance on a book I'll write about my experiences. And I'll experience something, you can count on it!"
"And the publisher?" "The devil take the publisher! What do I care - about that stupid publisher? Let Marchlewsky see how he deals with it. Now it's revolution, my dear!" And his heavy fist shakes me back and forth. Oh yes, poor Marchlewsky had to see how he dealt with the "Publisher of Russian Authors" for better or for worse! In response to the alarm news from Russia, Parvus in Munich had left everything as it was. What he, who had worked with all his might for decades to prepare the Russian Revolution, could anyone expect him to sit idly in his quiet publishing office, now that this eagerly awaited revolution was finally here? And so the conscientious friend, who was also drawn to the revolutionary struggle with every fiber of his being, who had also packed up his Munich tents behind him sooner rather than later, had to stay on and sweat a lot of blood before all the — the Isar for many months business was even reasonably well settled.

From that time on, there was a deep resentment between the two old friends that was never reconciled. For Parvus, the splendid Marchlewsky had suddenly become a shopkeeper who, even in great times, could only think of small things; Marchlewsky, however, now saw in Parvus the unscrupulous adventurer who lightheartedly tore through binding obligations when it came to following the passionate urge of his heart. The bitterest accusations have been made against

Parvus for these events, which are closely connected with the Gorky affair mentioned above. Even today, does no one want to understand that they are just as unjust as what he himself may have once said in anger against Marchlewsky, his old friend? As for him, so too for Parvus, in the stormy year of 1905, the saying applied: He could not do otherwise! When will we finally learn to understand people from their nature?

It would go far beyond the scope of this memoir were I to even sketch out Parvus's Russian experiences from the end of 1905 to the end of 1906. Far more freshly and vividly than I could, since I could only repeat his own stories, Parvus himself told us about those hot days in his magnificent book, "In the Russian Bastille During the Revolution." The Russian Bastille was the well-known St. Peter and Paul Fortress, the widely infamous place where Tsarism had martyred the noblest and best of the Russian people for many decades. There, among many others, Parvus had been imprisoned after the Moscow January Uprising was crushed in blood and the Petersburg Workers' Council, founded and led by Parvus, was dispersed. Nine months of imprisonment, sentenced to Siberian exile. Together with Trotsky and Leo Deutsch, who had languished in Siberia for sixteen years, half a lifetime-such was the life of a Russian revolutionary during the Tsarist era-and who had escaped from the Tsar's dungeons and torture chambers a total of six times. Now, having been drawn from Swiss asylum to Russia by the first crow of the October Revolution, he once again had to embark on the martyr's path to the katorga. The picture accompanying this booklet shows the three men, whose lives would later diverge so widely, on their way east.
After the conviction, his German friends heard nothing from Parvus for a long, long time. Suddenly, a dark rumor: after many weeks of transport by train and boat, Parvus had escaped his pursuers. What had become of him? Was he rescued? Recaptured? Was he even shot? No one suspected it. Missing?

7)

The wandering existence of a Social Democratic journalist of the old days had taken me from Leipzig to Mannheim-Ludwigshafen, from there to Dresden, from Dresden to Dortmund, then back to Leipzig, and finally back to Dortmund. Here I sat, in mid-December 1906, feverishly working at my editorial desk. Quite unexpectedly, the Reichstag had just been dissolved, and now it was necessary to hastily build up the journalistic and propaganda apparatus for one of the most heated election campaigns that the German Social Democrats had ever had to fight. Given the incompleteness of the party organization at the time and the lack of suitable personnel in the vast industrial district of the Ruhr, this was no easy task. Then suddenly this letter was placed on my desk: [A copy of this letter was included in the book]

Dear Haenisch!
I will call on you in the next few days. If you receive any letters for Peter Klein, that is for me. So, goodbye! But please, "discretion is a matter of honor."
With kind regards,
Yours, Peter

The handwriting was obviously fake, but it seemed familiar to me, and soon I no longer doubted that the mysterious Klein was none other than Parvus, whom I had assumed to be, God knows where, in wintry Siberia. And sure enough: the next day he was back again, completely his old self. The hardships of the revolution, the Peter and Paul Fortress, and the Siberian transport, the excitement of the escape: none of this seemed to have affected him in the slightest. And this escape had not been lacking in adventures of all kinds. Foolhardy and full of high spirits as always, Parvus had once again gone straight into the cave of the beast.

He had gone into Leuven, to Moscow and Petersburg, and everywhere he had sought and found new connections with the remnant of those few comrades who hadn't been shot or imprisoned, completely scattered by the counter-revolution. I asked him how he had survived it all. "Pah-nothing worth mentioning. But I'm proud that I didn't let a single day go by, whether in prison, on the transport, or on the run, without working hard for the party!" Indeed, a thick bag full of manuscripts was just about the only thing Parvus had — saved from Siberia, and it was far more valuable to him than other, more "useful" things.
And now he was running around my cramped Dortmund editorial office, as far as that was possible, asking how and where he could best lend a hand. For he hadn't come to recover from the exertions of this last great year (December Dortmund would have been the least suitable for that!), but to throw himself with full force into the German election campaign.
Things will be hottest here in your industrial district, which is why, dear Haenisch, I've come to you—not just because of our old friendship.
What could have been more convenient for me than the offer of this help?
As best as possible, Peter Klein was quartered in my apartment; only a few leading party comrades, like my old friend Max König, the current district president of Arnsberg, were let in on the secret. And although Parvus once again ignored every warning to be cautious, everything went well for the entire six or eight weeks of his stay with us. And that was fortunate. For if Parvus had fallen into the hands of the Prussian police again this time, it certainly would not have been enough for a few days in prison for 'breaking the ban'. After all, just under a year earlier, two Russian socialists had been handed over to the Tsar's executioners by the Prussian government, and on this occasion, Prince Bülow had answered the protests of socialist Germany with that impudent speech in which he declared further war on the Russian "scroungers and conspirators." After the role Parvus had played in the last year, "Father's" government would certainly not have failed to demand his extradition, even without a Prussian hint.
I suggested to Parvus that he place all his energy at the disposal of the Dortmund party newspaper for the duration of the election campaign. He agreed, but first wanted to produce an extensive propaganda publication, far from the hustle and bustle of the election campaign, and therefore withdrew for a week or two somewhere near Düsseldorf. Of his letters from that time, I reproduce the following, which characterizes the tireless worker Parvus:

Dear friend!
The requested articles will be in your possession by Monday morning at the latest. Perhaps I will come over myself on Saturday to discuss things with you. I will finish my pamphlet tomorrow. It is entitled "The Reichstag Elections and the Working Class" and is divided into the following

sections: 1. The Center Party as a Government Party and the Dissolution of the Reichstag. 2. The Capitalist Drive for the Colonies. 3. Germany's Trade Policy and American Competition. 4. The Reich's Foreign Policy. 5. Inflation. 6. Workers' Policy and the Class Organization of the German Proletariat.
As you correctly guessed, the work took up all my time, as I wrote two full sheets in one week. It would probably be best if I accepted the suggestion of the Dortmund comrades and allowed myself to be harnessed to the editorial team for the election period. I can only be active in literary matters, while the others will then have more opportunities to appear in public. But we'll discuss that later. With warmest regards to you and the Dortmunders, your Parvus.

During those weeks of shared work and domesticity in Dortmund, we also became very close on a personal level. Above all, I learned to know and appreciate this relentless revolutionary's great love for children. Being able to bring my little one a toy was practically a celebration for him. The following letter from July 1907, which is also characteristic of him in other ways, shows that Parvus also enjoyed thinking back to the Dortmund weeks:

Dear Haenisch!
I have so far failed to reply to your friendly letter because I am one of those who find it difficult to write letters. I don't understand the art of letter writing; for me, it easily turns into a treatise. I have now finished the second edition of my brochure, which will be published on July 10. I am very curious to hear what you have to say about it. I am sending you the poster sheets.
I have fond memories of all of you, especially your wife and your mother-in-law, to whom I am very indebted. Being the migratory bird hat I am, I will certainly often think of your house, where I felt so comfortable.
With warm, friendly greetings
Your Parvus

After the Dortmund election campaign, in which Ernst Heilmann, ruberrimus, the reddest of all, as he called himself back then, had joined us as the third member of the group, Parvus went to Lake Garda for two weeks with the proceeds from his election brochure (he certainly wasn't very fat!) to really catch his breath. Unfortunately, I could not comply with his urgent request to accompany him. Then the restless existence of the "Zugvogel" began anew. A fight for socialism and, at the same time, a fight for daily bread. His editorial correspondence appeared again, his essays in the party's scientific journals on agrarian policy problems and much more; Parvus was once again constantly striving to be a leader of the German working world in the tangle and undergrowth of daily politics through the luminosity of socialist thought.
In addition, several valuable scientific writings from his pen appeared during these years, of which a clever study on colonial policy is particularly noteworthy, as well as the popular and at the same time profound series of writings: "The Class Struggle of the Proletariat."

The decisive fundamental idea of all these writings was the continuation and deepening of Marx's theory of development in its application to the practical politics of the working class.

Here, Parvus was fighting both against revisionism, whose new wine seemed to him like dull lemonade, and against the ossification of Marxism into dogma and scholasticism. For him, socialism did not dissolve into a thousand individual struggles and isolated successes, as it did for the revisionists, but neither was it something unique and finished, like a superficial school doctrine. For him, socialism was something constantly becoming, constantly taking new forms in development and struggle.

Movement and goal in one. Not a gentle "growing" into the new society, but also not a sudden "jumping in." Parvus believed in the increasing "humanization and ethicization" of class struggle, which was the fashionable phrase at the time, just as little as he believed in the gospel of brute force as the only, or even the most noble, path to victory. He never overlooked the near and small, like some, nor did he ever lose sight of the great and ultimate, like others. What he taught was a revolutionary socialism founded on evolution, without scholastic blinkers, without dogmatic commitment. A further development of the master's teachings, without ever abandoning their iron foundations. His socialism was constructive, but not utopian. Practical, but never petty. Parvus believed in development, without ever sinking into dreary fatalism. He was bold —but free of any putschist absurdity. Marxist science intimately fused with Lassallean politics.

I am reproducing two short letters from my friend from this time. Both date from 1910. The second is particularly remarkable because it shows how clearly Parvus recognized, four years before the outbreak of the World War, what monstrous events were gathering darkly and ever darker on the European horizon

The first letter reads:
Dear friend!
Please forward the enclosed letter to Luxembourg
It has always been a pleasure for me to fight shoulder to shoulder with you. There will be no lack of opportunity to do so later either. We don’t need to seek out the fight; let us just make sure we are equal to it.
With warm regards,
Your Parvus.

The second letter, a brief postcard, reads:
Dear friend!
My assumption when I wrote to you was that you might have overworked yourself again. I am very sorry about that. For we need strength not just for today, we need it even more for the near future. The events approaching are so great that it takes one's breath away to try to grasp them. However, I know very well that you are stuck in the treadmill and can't do anything else!
With warm regards,
Your Parvus

While Parvus saw clearly that sooner or later the great storm would break over Europe, he also knew, no less clearly, as early as 1910, where the all-igniting ray would strike: in the Balkans.

And so he decided to move to Constantinople shortly thereafter in order to study the economic and politica contradictions, from whose friction that spark would soon spring, at their source. He appeared unexpectedly among us at the Magdeburg Party Congress in September 1910 to say goodbye. He did so with a casualness, as if it were a short excursion to the countryside.
It would be five years before we saw each other again…

8)

The drama of this life, more eventful and exciting than many a film, is rushing towards its climax. At first, little changes: once again, punctually, as always, the editorial correspondence lies on the editorial desks of the workers' press, only now it is dated from Constantinople instead of Munich, and it now primarily deals with problems of world politics, primarily those of the Near East. Again the fiery telegrams from the eternal starver demanding advances, only the requested sums no longer fluctuate between ten and twenty, but between fifty and sixty marks. "There were days when I lived on onion cake in the taverns of the Hambole, and often I had to place my feet carefully so that the torn soles wouldn't be visible!" he later recounted this time himself.
Otherwise, only rarely does a dark rumor reach the Bosporus: Parvus is said to be striving to establish a viable socialist party in the Ottoman Empire; he is said to have founded a social democratic newspaper in Constantinople and to have raised the money for it by founding a bank; the Young Turk government is said to be watching him closely and occasionally even honoring him with house searches. All rumors-nothing specific is learned. For Parvus has become even more sparse with letters and reports about his human life than before.
Here comes the great war, something he had foreseen and predicted for years. Not for a moment does he waver in what is now his task: Death to Tsarism!

From early youth, Parvus, as a Russian and from his own experience, but also as a German and European socialist who had grown up in the great traditions of Marx and Engels, von Liebknecht, and Bebel, saw in Tsarism the enemy of European democracy, the working class, and socialism. Tsarist Russia had always appeared to him, as it did to us socialists of the older generation, as a terrible nightmare weighing on the future of Europe. For decades, Parvus, as a champion not only of German but also of Russian Social Democracy, had worked with a fervent soul to undermine the terrible colossus in the East. The first general assault, the revolution of 1905 and 1906, had struck the monster, but not killed it.

Now, finally, finally, the eagerly awaited hour seemed to have arrived, to hasten whose arrival tens of thousands had died a martyr's death, for whose sake tens of thousands had rotted alive in the dungeons of Russia and in the icy deserts of Siberia. The German armies and the Russian workers had to wrestle the old hereditary enemy of Russian and European freedom to the ground by fighting together: that was the great thought that now glowed through the soul of the old revolutionary, that filled him completely. And so Parvus never tired of proclaiming this new Dual Alliance, the Dual Alliance of Prussian bayonets and Russian proletarian fists, to the world as salvation. Russian Revolution through German victory: whoever wanted the first had to want the second as well, no matter how deeply he hated the old Prussian Germany!

The war had to—that alone could be its historical meaning, that alone could justify the horrific blood sacrifices—bring about the liberation of Russia from Tsarism and thus the liberation of Europe from the Russian nightmare. At the same time, however, this also meant the liberation of Germany and Western Europe from the oppression of Prussian militarism and the semi-absolutism of the Hohenzollerns. For, if this semi-absolutism of the Central Powers were to lack the century-old cover of the total absolutism of Tsarist Russia, its backbone would be broken.

The Germany victorious against Tsarism would either be democratic or it would not be [victorious]. Nothing would then stand in the way of the triumphal march of European democracy. None would be able to resist the Socialist Union, the path would then be clear for the great final struggles of the European proletariat for socialism.

This is how Parvus saw the war; only this way could he see it. This is not the place to examine what history has proven correct and what was erroneous about this view. Today, now that we have gained a decade's distance from all these things, we fully understand that the socialists of the Western powers viewed and had to view all these things quite differently than we German Social Democrats, who saw the Tsar's endless armies rolling toward Berlin like that famous steamroller. For the socialists of Western Europe, Russia was far away and the Tsar distant, and they would hardly ever have seen a living Cossack. While the Russian danger was burning on our minds, the German danger, or what they considered to be such, was burning on their minds.

A different viewpoint produces different pictures of the same events. In any case, it is stupid, senseless chatter that Parvus's attitude from the very first moment of the war was determined by reasons other than those dictated by his socialist conscience and his socialist understanding. In particular, the talk that Parvus joined the Central Powers "to make money" is as stupid as it is malicious. Never— I testify to this from a close friendship spanning three decades— never, in August 1914 as little as ever before or after, was Parvus's political action determined for even a second by personal interests. Considerations of this kind lay far beneath the sphere in which this man moved intellectually and spiritually. But even assuming the unthinkable case that Parvus had been at all susceptible to such impulses: could a man of his stature, as far as the particular case of 1914 was concerned, not have "earned" much more with the Entente than on the side of the Central Powers?

But, isn't it at least certain that Parvus took advantage of the economic situation at the time? That, too, has been spoken openly, for there is nothing to hide, nothing to cover up. So: yes, it's true, Parvus earned money during those years, a lot of money, in fact! Yet the driving forces that spurred him to earn this money were entirely altruistic. They were the same motives that had once determined him to found that "Publishing House of Russian Authors." Finally, finally, Parvus wanted, Parvus had to become independent of the dreadful drudgery of the day. The fate of Karl Marx stood before his eyes as a terrible image he often recounted it himself. He had prematurely worn himself out in the eternal pursuit of the pound, whom the gray treadmill of hired writing had perhaps robbed of his best interests, whom it had turned into an unemployable

invalid for the last decade of his life. Marx, the eternal slave of the bitterest hardship, had been forced to leave behind the great scientific work of his life as a torso. He, Parvus, also carried within the brain encased in his mighty skull works that, he hoped and knew, would transcend the present, from which future generations would draw strength and knowledge for humanity's eternal struggle for freedom. Should they remain unwritten, should they sink into the grave with him simply because he, too, never escaped the tormenting, grueling hustle and bustle of daily drudgery? Now or never! Above all, his own grandiose magazine, the dream of his life, had to be realized now-the magazine that would enable him to serve his cause scientifically, politically, and literary-as he had always desired and yet never been able to.
And so Parvus earned money, earned a lot of money. As in everything he proceeded here in the manner that suited his nature: boldly, generously, and, so to speak, scientifically, by making use of his thorough knowledge of economic life for this purpose as well. Boldly, generously, scientifically, Parvus earned money. But who dares to come forward and claim that he ever earned money dishonestly?

A crazy kaleidoscope: Yesterday the guest of dives, with torn shoes, living on onion cake is already one of the most powerful and richest men in Turkey! With all the strength of his elbows, the suspected "scrounger and conspirator" advances in the first days of the war to the highest dignitaries of the Sublime Porte, and with all the impetuosity of his temperament, he knows above all how to convince the wavering, those under pressure from all sides, to side with the Central Powers. But they should not do so with the same pitifully inadequate economic preparations with which Germany and Austria stumbled into the war. This trained economist knows that today's war is, to a large extent, an economic matter. And so he makes it clear to the German ambassador in Constantinople, and to the astonished men of the Porte: first, the Anatolian harvest must be secured! Bring the necessary locomotives and wagons! What about the milling industry? It must be put into operation as quickly as possible and brought to the greatest possible level of efficiency! Only when these and a dozen similar economic mobilization measures have been implemented can Turkey openly side with the Central Powers!
If the Ottoman Empire intervened in the war far too hesitantly and too late for some impatient people, then let us know today that it was primarily Parvus who, in a wise weighing of what was economically necessary and possible, brought this about! In this economic mobilization of Turkey, Parvus laid the foundation for his fortune, and later, when he worked similarly in Bulgaria, he increased it considerably. For neither there nor here is he content with merely making suggestions; everywhere, with his usual energy, he takes the implementation into his own hands. He continues to do so as the war progresses. He knows how to get grain from belligerent Romania, and from Entente-friendly Norway he knows how to get blubber to fat-hungry Germany. He, above all!

It is he who, to name only the most important thing, knows how to secure Denmark's neutrality, which is benevolent to Germany, by making this country independent of English coal. Against the fierce resistance of certain German interest groups, he procures German coal for the Danes on extraordinarily favorable terms, and at his own expense and risk, he assembles entire flotillas to transport this coal and, in return, bring back to Germany, which is blockaded on all sides, economic exchange gifts of the most valuable kind. Quite apart from the fact that it was Parvus's

work that primarily created a mood in Denmark that lasted until the end of the war, a mood that, although certainly not explicitly pro-German, differed greatly in our favor from the mood in almost the rest of the world! The former imperial envoy in Copenhagen could tell you much about the quiet work of the "unpatriotic fellow" hounded for decades by the rulers of old Germany, who now becomes a welcome advisor to the Foreign Office (if only his wise advice had always been heeded!), whom no one imprisons or deports for "breaking the ban," and who-just a moment ago a troublesome foreigner, a highly suspected "scrounger and conspirator"—is now able to acquire Prussian citizenship without much difficulty...

9)
FINALLY, in the early autumn of 1915, I saw Parvus again. Previously, in response to a few friendly lines, he had sent me this letter, which shows him quite as he was:

Copenhagen, September 16, 1915,
Dear friend!
Your letter has delighted me. I am familiar with your attitude, although I have only seen excerpts from your writings and speeches. The first time was still in Constantinople. Then I said to my friends: "See how one arrives at the same conclusions from the same viewpoints. That is Parvulus!" It was my wish to speak to you in Berlin. But amidst the general confusion, I was primarily driven to clarify my position by summarizing it. You can also imagine that after almost five years in the "Orient," I first had to find my way around in Germany. Besides, my time was heavily occupied by business matters.
But I didn't know that you were now staying in Berlin permanently. Now that I have your address, I will visit you soon. I have to go to Berlin, but urgent business is holding me back. Perhaps I'll come next week. I am counting on your cooperation for "Die Glocke." It is published in Munich, where a relationship has developed between the government and the party that grants us a certain security against the arbitrary rule of the censorship. Apart from Ad. Muller, who represents me in Munich, and L. Cohn, who is in charge of the management, I have not yet contacted anyone. You are the first person I have turned to. They write to me from Munich that manuscripts have arrived But I don't know from whom or what. There will be editorial difficulties to overcome for the first one or two months. I have suggested that the second issue of "Die Glocke" be published as a double issue at the end of September, because I have not finished my work. There are a lot of things to discuss, all of them urgent. To make matters worse, I still have to take a stand in a smear campaign that, as I know full well, has been organized against me by the Russian embassy in Sofia. I'll give that rabble a good thrashing. So think about how you can best benefit the "Glocke." Perhaps I will set up a branch of the editorial office in Berlin. Mammon's abundance. For I have actually acquired a large fortune, if not, as is insinuated, by speculating on rising prices, but on the contrary by combating it.
The "Glocke" is also doing quite well and will probably even become a profitable business.
I will discuss all this and much more at a personal meeting. Instructions regarding the delivery of the magazine will be sent to Munich. I will be pleased to see your dear wife, of whom I have the warmest memories, and the growing youth. In the meantime, with friendly greetings and a hearty handshake,
Yours, Parvus

A few days later, Parvus was in Berlin. We thoroughly discussed the entire situation and the tasks of the magazine. The result was that Parvus asked me to take over the editorship of "Glocke" from the third issue onwards, replacing Adolf Müller, who was to remain a permanent contributor and who remained so. If the magazine were to become the leading intellectual organ of German Social Democracy, and that was what Parvus wanted it to be, it had to be directed from the focal point of political life, from Berlin. In the first few months, Parvus was full of fervent interest in his paper almost every issue featured a highly regarded article from his pen. Beyond that, however, Parvus also wanted to be kept up to date on all the details of the editorial work. This wasn't easy, because Parvus was rarely in Berlin; he mostly lived in Copenhagen, was soon in Switzerland, Munich, or Vienna, then again in Stockholm, and occasionally in the Orient. One remembers the difficulties of all kinds associated with foreign correspondence during the war. If my letters arrived late in his hands, Parvus could become very impatient. Occasionally, he even became rude if everything didn't go entirely according to his wishes, or if, for example, I raised serious objections from the editor's point of view to his intention to fill entire issues of the "Glocke" exclusively with articles from his own pen. But since I knew Parvus well enough to know that even rudeness and occasional injustice always arose from his impetuous zeal for the cause, everything always quickly settled down, and for the entire four years in which I directed the magazine (I retained the editorial staff, albeit with great difficulty, even as Minister for a while), we ultimately got along quite well. For from a long, close friendship, I knew that Parvus was accustomed to making the same high demands on himself that he placed on the fulfillment of his staff. The following letter may show Parvus as the man of his magazine:

Copenhagen, October 6, 1915.
Dear Haenisch!
For issue 4 of the "Glocke," I am writing an editorial, "The French Offensive." It will be sent to you tomorrow, and a copy will be sent to the printer. The printer also has an article by me: "The New Russia," for which you have probably already received the proofs. Janson, who wants to write a trade union review for us, is contributing a brief note on the life of the Danish Social Democrats for this issue. Lensch promised an article. You must contact both of them if you haven't already We must provide some variety. Issue 3 is doing well. Kampffmeyer's article is good. He must be encouraged to write more. Make sure that issue 4 comes to something. I myself have been confined to bed for eight days with a bad case of rheumatism and can hardly move. I have no news of you. If letters won't do, telegraph. The publisher will open an account for you for this purpose! There is no other way in wartime.
Sincerely,
Parvus.

The "Glocke" and its associated "Publishing House for Social Science," which soon enjoyed a good upswing and achieved respect far beyond socialist circles, were not the only ventures into which Parvus, true to the great purposes of his life, invested the much-vaunted money he acquired during these years. Thus, he founded and financed the well-known Society for Research of the social consequences of the war, which soon led to the publication of a series of valuable publications. Incidentally, Parvus himself also enriched war literature, or rather, peace

literature, with several works. In them, he advocated a peace without annexations and contributions, a timely peace of understanding, a "Scheidemann Peace" - it was in 1917, after Tsarism had been overthrown and thus, for Parvus, the only possible purpose of the war had been fulfilled. Besides his spirited polemic, "My Reply to Kerensky & Co.", the — study "The Social Balance Sheet of the War," based on a masterful mastery of the material, is particularly worth mentioning here. In it, Parvus demonstrates, not with general ethical sentiments, but with sober facts and figures, how right those men had been who, even before 1914, had judged the war to be a miserable business for all nations, even from the standpoint of capitalism, as the famous "false calculation." Germany, Europe, would be better off today if, at the last minute, people had listened, if not to the warning voices of the pre-war period, then at least to Parvus of 1917.

Closely connected with the Society for Research into the Social Consequences of the War was an extensive library, also established by Parvus in Copenhagen, which, despite all the difficulties of the war, soon brought together all relevant publications from both the belligerent and neutral countries. What Parvus did for so many workers' newspapers that had fallen on hard times during the war and post-war period, and how he actively promoted more than one talented young socialist, be they Russian, German, or Scandinavian-that too, my friends, you who today know how to remain silent about the man so much reviled in a thousand languages-that too, I think, you should not completely forget! Parvus also always had an open heart and an open hand for purely humanitarian purposes: with his help, many German proletarian children were brought to Denmark to recover from the devastating effects of wartime hardship. Parvus organized this labor of love primarily with the help of the Danish trade unions. On the other hand, the Danish workers also kept a grateful memory of him for everything he did for them during difficult times.
They donated a marvel of horology to him, a magnificent grandfather clock with a 100-year operating life, crafted by outstanding craftsmen over several years and bearing warm words of dedication. Many a visitor to his hospitable home was able to rejoice in this token of gratitude - from Danish socialists to the great revolutionary of thought. The Danish trade unions also did not fail to send a delegation to Parvus's Berlin funeral, thus expressing their deep sense of the unspeakably heavy loss that international socialism suffered through his death.

10)

After the war, Parvus saw his primary task as helping to rebuild what the years of European madness had destroyed. Here, too, Parvus saw earlier and more sharply than most others what was important and what was needed. He never tired of pointing out, in articles in the "Glocke" and the "Nationalzeitung," the most important of which are collected in the work "Reconstruction and Reparation," in his clever essay "The Economic Path to Salvation, "and finally in the multilingual magazine "Reconstruction," which he published himself, the paths that alone could lead out of the economic chaos of the post-war period. Again and again, he explained orally to influential party comrades, especially the economic and financial politicians of our parliamentary group, how these things should be viewed and tackled. He did not withhold his advice on the economic rescue of Germany and Europe from leading bourgeois politicians

either And whether they were called Erzberger, Rathenau, or Stinnes, they all listened to his wise words with pleasure, and no one left him without having learned something valuable. The unique combination of scholar and businessman, of theory and practice, as embodied in Parvus, made a strong impression on all who discussed economic problems with him in the postwar years. Even the scientifically trained minds of Bolshevism (in Russia! German Communism hardly has such minds), even if they had been mortal enemies of the politician Parvus since 1914, recognized without reservation that Parvus's work on the economic reconstruction of Europe represent by far the best and wisest thing that has ever been written about it.

Much of what was realized far too late in the Rentenmark and the London Agreement goes back to Parvus's ideas. He is not to blame if the paths he pointed out were only taken at the very last hour, and even then hesitantly and without decisiveness. Other valuable writings by Parvus from this period, such as "The State Industry, and Socialism" and "The Nationalization of the Banks and Socialism," by no means received the attention they deserved within the Social Democrats.

This lack of a sense for scientific in-depth study of current political problems, which can unfortunately also be observed elsewhere in the party today, pained Parvus deeply.
But Parvus did not see writing as the most important field of his work in the postwar period More than through the spoken and written word, he wanted to serve the cause of reconstruction through practical action, which for him was only conceivable in the spirit of socialist economic thought. At times, he may have envisioned becoming something like a socialist counterpart to Stinnes, a Stinnes of socialism. Above all, he was preoccupied with the idea of Franco-German cooperation in the reconstruction of Europe, an idea he often discussed with Dr. Haguenin, who died before him, with Professor Hesnard, and with other intelligent Frenchmen who lived in Berlin and, for their part, worked quietly but tirelessly to lay the foundations, first of all, for the economic rapprochement between the two peoples. That political rapprochement must soon follow if Europe was to recover at all was self-evident to this Russian, who had always felt a hardly less profound affection for the freedom and refinement of the French spirit than for German depth and thoroughness.

If the most important thing had been achieved in this immediate work through living creation, then Parvus wanted once again to take up the pen. We have often discussed in recent years how desperately international socialism needs a work that draws conclusions from the decade of unprecedented world revolution that lies behind us and that fundamentally defines the tasks of socialism in the now dawning era of socialist realization. I repeatedly told him: "You are the man who must write this book for us. You and no one else!" And Parvus became more and more absorbed in the idea of this work. Its execution should be reserved for quieter times.
That, too, has now no longer happened. Parvus has left us without this work, which should have been, and would have been, the work of his life.

He has been taken from us, as much as he gave us in valuable having been granted to him to give the world — polemics-without it such a conclusive book as Marx in Capital, Engels in Anti-Dühring, Lassalle in Bastiat Schulze, and Bebel in his Wife. He shares this fate with the

very different Wilhelm Liebknecht, who, like Parvus, was forced by the harsh and ever-demanding duties of daily struggle to constantly spend his best in small change so that he, too, never came to erect a great, age-lasting monument to his life and work in a conclusive work.

11)

The hopeless incompleteness of German conditions and the incompetence of German politics, which allowed hour after hour to slip away in inactive hesitation, severely embittered the last years of Parvus's life. From year to year, he became more silent—he was tormented by all sorts of physical ailments and the inevitable consequences of the hard fighting life that lay behind him, he withdrew more and more into cultivating old and new friendships and the quiet pleasures of his home.

But what hasn't been fabricated about this house of his, what hasn't been fabricated about his way of life in the first years after the revolution! There were tales of wild spectacles with half-naked women; the press reported on feasts that were meant to overshadow everything that had gone before! None of this is true. Parvus, the pauper who had been whipped around the world for decades, certainly no longer lived like a proletarian in his final years, and he knew no greater joy than seeing old comrades and like-minded people, such as talented young adepts of socialism, in his beautiful house on the Wannsee, and entertaining them at his hospitable table. Parvus's hospitality had the breadth and spaciousness of his Russian soul, and the fuller his house, the more content his guests were, the more gleefully his eyes shone. Full of gratitude, I remember many beautiful hours, many beautiful days that I too was able to spend in the garden of Schwanenwerder and which repeatedly gave me new energy and creative joy. With me, more than one of our comrades in the front line of struggle offered our much-maligned friend such days of relaxation, of gathering fresh strength. And we all desperately needed hours of this kind from time to time in the hard years after the revolution, if our nerves were not to collapse under the excessive burden of duty and responsibility placed upon us.

But orgies, feasts? Good God! If the dear fellow human beings who fantasized about such things in the newspapers of the right and the far left around 1920 had been able to be there just once when Parvus organized pot-banging, sack races, and running races for his friends' children, if they had witnessed how tears of joy welled up in his kind eyes when he hid nests of Easter eggs for the little ones in the Schwanenwerder garden at Easter, lit lanterns for them to celebrate May Day, or prepared some other kind of surprise, how he thought up funny riddles for his guests, which he immediately turned into dainty German rhymes, how he could shake with laughter when someone recited harmless hopscotches and yodels, how he knew how to entertain and stimulate his young and old guests with fairy tales and scientific educational films (he considered introducing such films in all German schools): if those irresponsible chatterers had experienced all of this with us, Even these hard-boiled people, I think, would have had their lies stuck in their throats! More than harmless ones! Now that he is dead, a friend may say it: Parvus's bizarre appearance - Today, was certainly, a wild Renaissance man, and yet a man, take everything in all! - Parvus stood far too high for the mud flood of slanders to have even

reached him. Only sometimes, when the chatter became too stupid did anger seize him and he would then probably even strike back with a rude word.

His view of these things is characterized by a few sentences from a longer letter he sent me in the summer of 1920 from Marienbad wrote. I had recently taken the trouble, in a few articles on the "wilderness of political mores," to hold a kind of general reckoning with those who, with this poisonous slander campaign against the leading figures of the Republic in general and of Social Democracy in particular, were preparing the ground for the plague of assassinations in the coming years. I had sent these articles to Parvus. He replied:

I had already read your articles, dear friend, in the Prager Tageblatt. The dirt had to be cleared up. You are right, and you do it with admirable composure…

And then, after having thus pushed the "dirt" aside, he writes to me about his preparations for the "literary and political winter campaign" for the reconstruction of Germany and Europe
Only twice, as far as I can remember, did Parvus himself allow himself to confront the slanderers of his human and political honor. Once in his essay: "In the Struggle for Truth" and then in the essay: "Philistines about Me!" in issue 42 of the 5th year of the "Glocke."
This man, to whom nothing human was alien, who had stormed through the wild, beautiful life in all its highs and lows, and who had therefore always remained a more or less sinister companion to the correct philistine, proudly presents himself in this essay as he is. Without reservation, he exposes the nakedness of someone who was never and never wanted to be a sophisticated book, who has always been a human being, a human being with his contradictions. The essay concludes with these words:

"Never have I despised money so much as now that I possess it Am I now a morally corrupt person or completely without morals? I don't know. That's my life. That's how I was, that's how I am. Judge as you will. I can do no other.“

These sentences should also conclude the pages of remembrance that I lay here at the urn that contains what was mortal in Parvus. They should, until someone better comes along, preserve the memory-